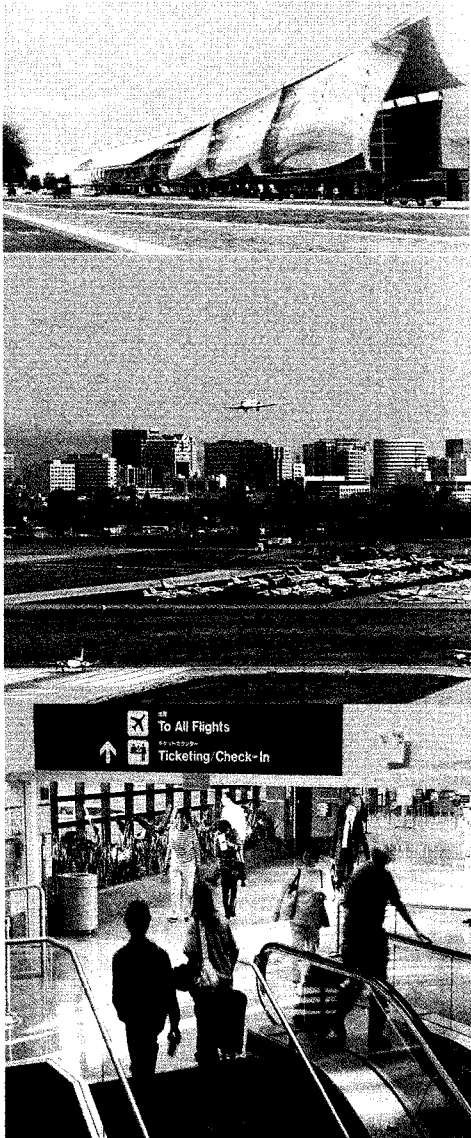


# City Service Area

## Aviation Services



**Mission:** *To meet the air transportation needs of the community in a safe, efficient and cost effective manner.*

A vital community is dependent on staying competitive. The City's Economic Development Strategy identifies the Airport's role in providing an important infrastructure resource to support the economy. Businesses need Airport infrastructure and services in order to successfully market goods and services. Global economic demands mean that it is critical that Airport infrastructure be developed and services continue to meet emerging needs.

Since 2001, the City Service Area (CSA) has focused on meeting increased security and service mandates. The cost of mandates, the economic impacts of the local recession, and reduced passenger volumes have forced the CSA to reduce annual operating costs by carefully reviewing services and create further efficiencies in order to provide a balanced budget. Recently, the Airport has focused on planning and designing the North Concourse Building, as well as supporting the development of several key access improvement projects. Key airfield projects have been completed during 2004-2005 including: the Runway 12R/30L extension, the relocation of the Instrument Landing System (ILS), and completion of the Cargo Ramp Security and Taxiway Improvements (CRSTI).

The future will continue to challenge the CSA. Much like passenger levels, the region's economy appears to have stabilized but the growth levels that took place in the 1990's are not expected to return. The Aviation 2004 forecast projected a shortfall of \$18.4 million. The shortfall has been resolved in the 2005-2006 Adopted Budget, through a combination of reductions and savings. Several critical service needs have received new funding to ensure that the Airport retains and develops additional air service, ensure customer satisfaction levels are maintained through cost effective technology infrastructure and continue to fund improvements to Airport security and infrastructure.

The CSA continues to focus on operating and development of Mineta San José International Airport (SJC) in a manner that effectively meets the region's air transportation needs, while minimizing the impact of operations on the community; to operate a user friendly, safe and secure facility; and to provide quality customer amenities and infrastructure to support global air service. The CSA promotes the Airport as an important Silicon Valley access point and provides stimulus to the local economy.

---

### CSA OUTCOMES

---

- The Airport is the Region's First Choice for Air Transportation Services
- Travelers Have a Positive Guest Experience While Using the Airport
- Businesses Consider the Airport as a Partner in Supporting the Success of the Regional Economy
- The Airport is Considered to be a "Good Neighbor" by the Community

### **Primary Partners**

Airport

# City Service Area

## Aviation Services

### ***BUDGET SUMMARY***

#### ***Budget at a Glance***

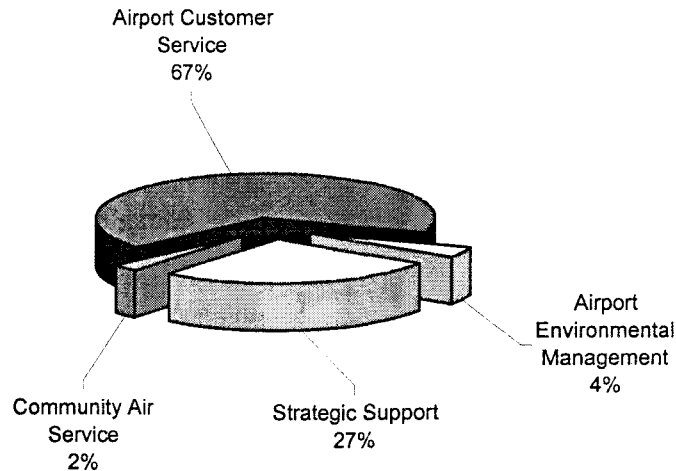
	2004-2005 Adopted	2005-2006 Adopted	% Change
Total CSA Budget (All Funds)	\$72,277,294	\$71,518,606	(1.0%)
Total Authorized Positions	396.50	388.50	(2.0%)

#### ***Budget & Performance Highlights***

- The Aviation Services CSA budget for 2005-2006 continues to balance fiscally conservative revenue projections with funding for essential customer services. The CSA seeks to support regional economic interests through "demand driven" development of the Airport Capital Improvement Program (CIP), as well as provide the air service required to support the region's business and leisure travel needs.
- The 2005-2006 projections for Airport activity and related revenues remain conservative: a 2% growth rate is projected for 2004-2005 and 3% growth in passengers is anticipated for 2005-2006.
- Security mandates and services related to passengers and baggage screening continue to present the need for increased infrastructure and services. The CSA has mitigated many of the negative service impacts and will continue to provide needed infrastructure, signage and services to both ensure the integrity of the security process while providing ease of access.
- The architectural design concept for the North Concourse Building has been approved. The process represents the ongoing efforts to gain input from a variety of stakeholders and build a facility that will meet security needs. The facility will include a permanent inline automated sorting and explosive detection system. The focus of the capital budget in the near term will be on this project and other security-related improvements. Future development of the Airport Master Plan will be driven by a balance of various factors including: demand for facilities, service level impacts, rates and charges, the local economy, infrastructure conditions and maintenance costs, and the amount and availability of federal funding.
- The Airport's forecasted shortfall of \$18.4 million has been addressed by: development and implementation of the 2004-2005 Cost Management Plan, which is anticipated to produce savings of \$4 million; the reduction and reallocation of operating services and costs in 2005-2006 totaling \$3.2 million; and the shift of capital positions to provide ongoing support for the North Concourse. The use of reserves, savings and additional Passenger Facility Charge reimbursements also help close the gap.
- Specific Aviation Services operating budget changes include: ongoing elimination of 14 vacant positions, transfer of six positions from the Information Technology Department (ITD), position reallocation to support air service development programs, a reserve to support increased technology, as well as the reallocation of positions to support the development and use of the former FMC site.
- Reductions and reallocations in the non-personal/equipment budget include reductions to private security, facility and financial contractual services. The Airport has carefully reviewed customer service impacts of these reductions and has made efforts to limit direct services impacts. Some non-peak period services like shuttle bus hours are being reduced. These reductions increase the need to maintain adequate reserves to allow the Airport flexibility to respond to unanticipated demands.
- The Aviation Services CSA provides reimbursement for 82.5 positions in the General Fund for direct services including Police and Fire. In addition, the CSA funds 28 positions in the capital program. Airport also provides over \$8.4 million in overhead revenue to the General Fund as reimbursement for indirect services.

*City Service Area*  
**Aviation Services**  
**BUDGET SUMMARY**

**2005-2006 Total Operations by Core Service**



**City Service Area Budget Summary**

	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
<b>Dollars by Core Service</b>					
Airport Customer Service	\$ 44,451,507	\$ 49,443,939	\$ 50,681,886	\$ 47,954,328	(3.0%)
Airport Environmental Mgmt	3,008,042	3,217,565	2,832,782	2,756,860	(14.3%)
Community Air Service	1,298,122	1,634,195	1,492,561	1,776,721	8.7%
Strategic Support	14,746,333	17,981,595	19,682,312	19,030,697	5.8%
<b>Subtotal</b>	<b>\$ 63,504,004</b>	<b>\$ 72,277,294</b>	<b>\$ 74,689,541</b>	<b>\$ 71,518,606</b>	<b>(1.0%)</b>
<b>Total</b>	<b>\$ 63,504,004</b>	<b>\$ 72,277,294</b>	<b>\$ 74,689,541</b>	<b>\$ 71,518,606</b>	<b>(1.0%)</b>
<b>Authorized Positions</b>	<b>397.50</b>	<b>396.50</b>	<b>402.50</b>	<b>388.50</b>	<b>(2.0%)</b>

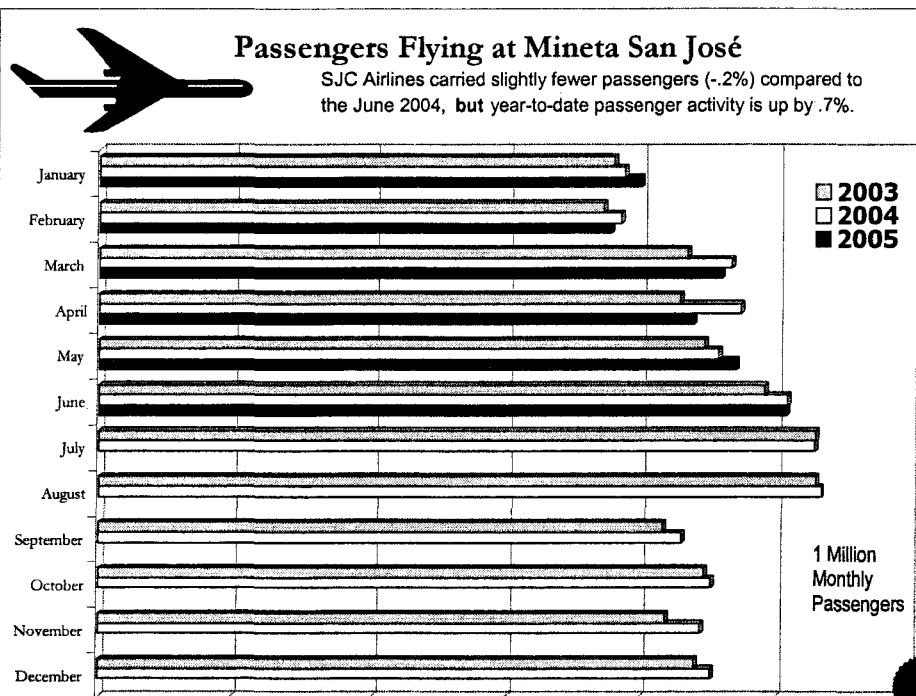
# City Service Area

## Aviation Services

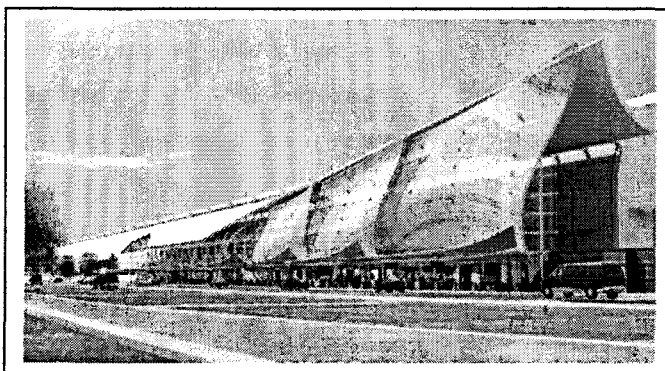
### FIVE-YEAR BUSINESS PLAN

#### Current Position *How are we doing now?*

- As indicated in the graphic to the right, the Airport saw monthly passenger increases during 2004. Growth has been steady but lags behind many other airports due to local economic conditions. The Airport is a regional economic hub and activity is consistent with many of the economic indicators associated with General Fund revenues.
- Market Share** Mineta San José International currently serves 18.8% of regional passenger air traffic, down from 22.4% in August 2001. Oakland's market share has grown from 18.7% in August 2001 and is now serving 24% of Bay Area passengers (Dec. 2004).
- The Airport provides a benefit to **local construction activity** with the development of the Airport Master Plan.



- Designing the “**Airport of the Future**” is an exciting challenge. City staff, a team of consultants and many stakeholders have spent many hours in the design process. A key element of the process has been an extensive **community outreach effort**. Over 200 meetings have thus far been held with various stakeholders to gain input on the facility, public art, access, sustainable building systems, business opportunities and concessions.
- Meeting Airport **security** needs continues to be a high priority and presents many ongoing challenges. Work continues with the Transportation Security Administration (TSA). Passage of the Airport Security and Traffic Relief Act (ASTRA) has permitted the Airport to move forward to improve the existing aged and constrained infrastructure, beginning with the construction of the North Concourse Building, allowing permanent installation of equipment to meet Federal Aviation Transportation and Security Act (ATSA) mandates, improve efficiencies and reduce airline cost of business.
- The Aviation Services CSA continues to mitigate **environmental impacts** of Airport activities through community noise abatement, curfew compliance and air quality programs, neighborhood outreach and traffic mitigation projects.





# City Service Area

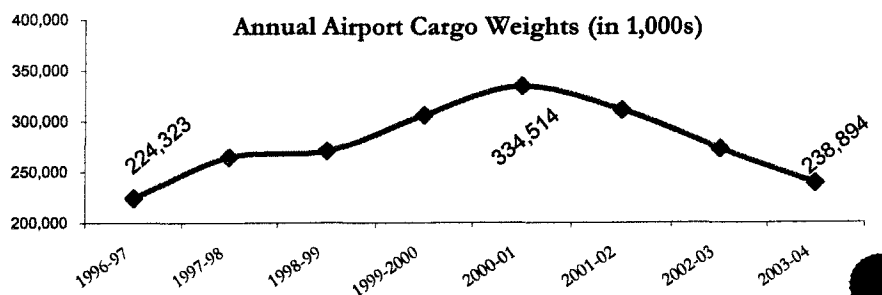
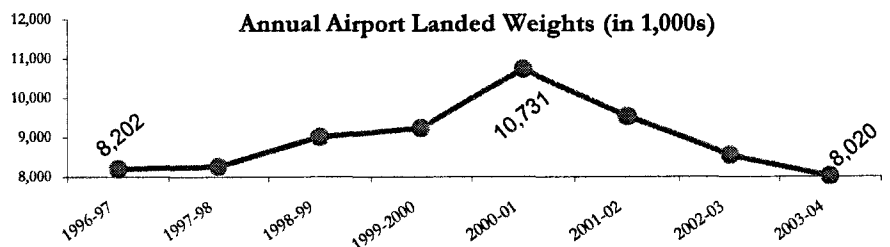
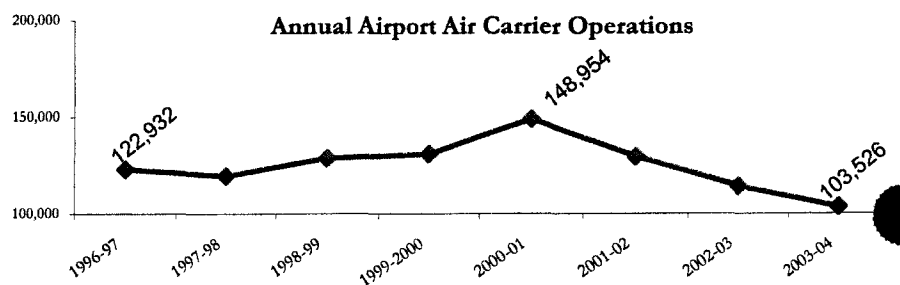
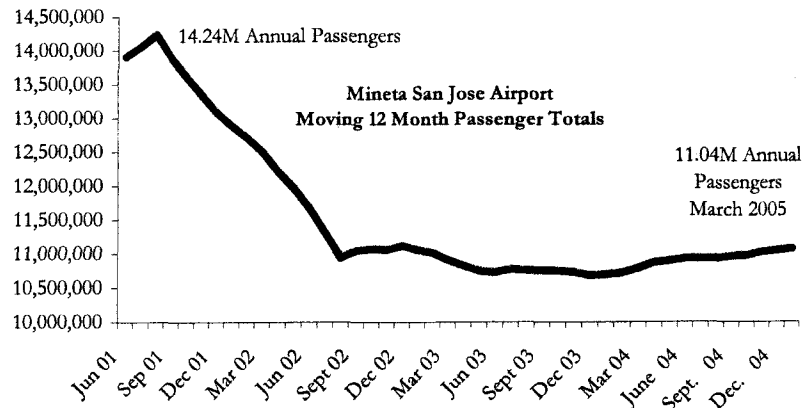
## Aviation Services

### ***FIVE-YEAR BUSINESS PLAN***

#### ***Selected Community Indicators***

- Annual **Passengers** totalled 11 million for calendar year 2004, representing a 3.5% increase over 2003.
- **International Passengers**, including connecting, during 2004 totalled 286,000, a 9.4% increase from 2003. Currently SJC air carriers serve regular flights to Guadalajara, Morelia and Tokyo. Seasonal flights include: Cabo San Lucas and Puerto Vallarta.
- The number of **Passenger Carrier Operations** for 2003-2004 totalled 103,526, a 9.2% reduction from 2002-2003. However, **Commuter** aircraft operations (30,838 operations in 2003-2004) increased by 62.0% during the same time, as airlines sought to serve the San José market with smaller regional jet aircraft.
- **Aircraft Landed Weight** - 8.0 million lbs. for 2003-2004, a 6.2% decrease from 2002-2003, represents 6.8 million lbs. for passenger aircraft (84.7%). Commuter aircraft represents 8.4% of the total and the remaining 547,000 lbs. is associated with Cargo aircraft (6.8%).
- Airport **Cargo** is made up of mail, express, freight and cargo loads. In 2003-2004, total cargo weights were down by 12.5%, the largest decline in history at the Airport. Total cargo moved through the Airport is currently 71% of the levels experienced in 2000-2001.

#### *What external conditions influence our strategies?*

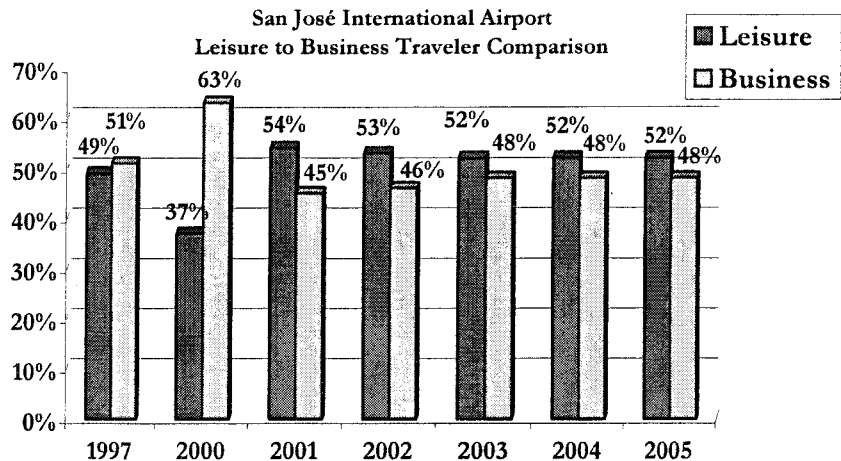


*City Service Area*  
**Aviation Services**  
***FIVE-YEAR BUSINESS PLAN***

***Selected Community Indicators***

Silicon Valley's changing economic structure has significantly impacted the Airport's business over the past four years. The 1990's employment concentration in high-tech created a large dependence on business travel to specific destinations. Just as high-tech business and other business activities have declined, so too have Airport passenger levels dropped off. The change in traveler composition has brought many challenges to Airport service delivery, as well as to non-aviation revenues.

***What external conditions influence our strategies?***  
*(Cont'd.)*



***Trends / Issues / Opportunities***



***What developments require our response?***

**Airport Trends, Issues and Opportunities** have not changed dramatically over the course of the past three years and are anticipated to remain fairly consistent—with one notable exception, which is the impact of construction on Airport traffic and services. Effective planning, scheduling and communication, both internally and externally, are important requirements for all Airport activities and strategies.

The CSA continues to evaluate the various factors that come into play with its customers and facilities. The need to keep stakeholders informed is critical to its success. **Wilbur**, the Airport's "spokesmonster", has been created to help raise awareness of the construction program and progress. The Airport's **web page** has been updated, not only to provide up-to-date information on the Airport and construction, but also to encourage the community to take part in the process.

- **The Airport** serves as a vital component to the City's economic health, is mandated to provide specific services and coordination with various partners, and operates in a highly competitive environment.
- **Airport Infrastructure** has aged beyond its useful life. With the passage of ASTRA, opportunity now exists to improve travel services to and from San José via the development of the North Concourse.
- **Economic Stimulus** will be provided through implementation of the Master Plan. The Airport will provide economic stimulus at a critical time for the local economy.
- **Passenger Activity** is projected to remain stable, growing at 2% to 3% annually in the short-term. Recovery is dependent on a number of external factors including the local economy, the health of the aviation industry, and impacts of the war. The scheduling of capital program projects is based, in part, on passenger activity levels.
- **Long-Term Predictions** for regional air travel activity remain strong however the airline industry is anticipated to change to meet new industry demands. Changes to aircraft, services, costs, and scheduling all will continue to present challenges.
- **The Airport** continues to face challenging operating conditions due to reduced revenues, airline cost constraints, competition, security requirements and initiation of major capital improvements.

*City Service Area*  
**Aviation Services**  
***FIVE-YEAR BUSINESS PLAN***

---

***Trends / Issues / Opportunities***     *What developments require our response? (Cont'd.)*

- **Air Service Marketing** helps the Airport develop a market niche to remain competitive as it seeks to serve the changing needs of Silicon Valley. Airport business models must also be flexible and responsive to make the most of opportunities.
- **Ground Transportation** projects such as the Ground Transportation Center and the one-way loop have been implemented. Further development of Airport-related traffic congestion relief projects such as Route 87 and the 880/Coleman Interchange will improve traffic in and around the Airport. On-demand ground transportation dispatching is scheduled to begin in September 2005 to support not only Airport customers but downtown businesses and travelers as well.
- **Community and Customer Involvement** include Airport access, customer amenities, service enhancements, passenger processing, noise mitigation and environmental programs that are all of great importance to the success of the Airport.
- **Airline Lease Agreements** expire in 2007 and with this comes the opportunity for the City to enhance business terms with tenants.

***Policy Framework***     *What policies guide our strategy?*

The Aviation Services CSA's Policy Framework is expansive. Not only is the Airport governed by City processes and policies, State and federal policies direct how services are provided and, most importantly, how funding is obtained and used. Below is a partial list of directives that provide the framework for activities.

- **Airport Security and Traffic Relief Act (ASTRA)** Ballot Measure A approved in March 2003 and the compliance finding in March 2004. The Act amends the 1999 Airport Traffic Relief Act (ATRA) and provides for the orderly and cost effective development of security improvements and terminal gates while traffic relief road projects are completed.
- **Airport Master Plan** with the consolidated terminal concept approved by Council in November 2001, provides the policy and scheduling framework to construct a 21st century airport in San José.
- **Airport Neighborhood Services Group (ANSG)** introduced in 2002, implements ongoing community outreach programs to serve and educate Airport neighbors and customers.
- **Strong Neighborhoods Initiative (SNI)** has incorporated ANSG programs into their team service delivery model. SNI and ANSG staff collaboratively work to provide outreach and information, as well as coordination of direct service delivery of noise mitigation activities through the Airport's Acoustical Treatment Program.
- **City of San José General Plan 2020** and the **San José Economic Development Strategy**
- Various **City of San José Policies, Ordinances, and Studies** including Public Art Policy, Trail Master Plan and various studies such as the Taxi Regulatory and Service Model.
- **Federal** policies and mandates are instituted and directed by the Federal Aviation Administration and Transportation Security Administration.
- **Airline Master Lease Agreements** with passenger airlines dictate the terms and conditions of operating at the Airport and utilizing Airport facilities.
- **Environmental management** policies are set by a host of regulatory agencies including CalTrans Aeronautics Program, California Air Resources Board, Bay Area Air Quality Management District, Regional Water Quality Control Board, California Department of Fish & Game, Santa Clara Valley Water District and Santa Clara County Department of Environmental Health.

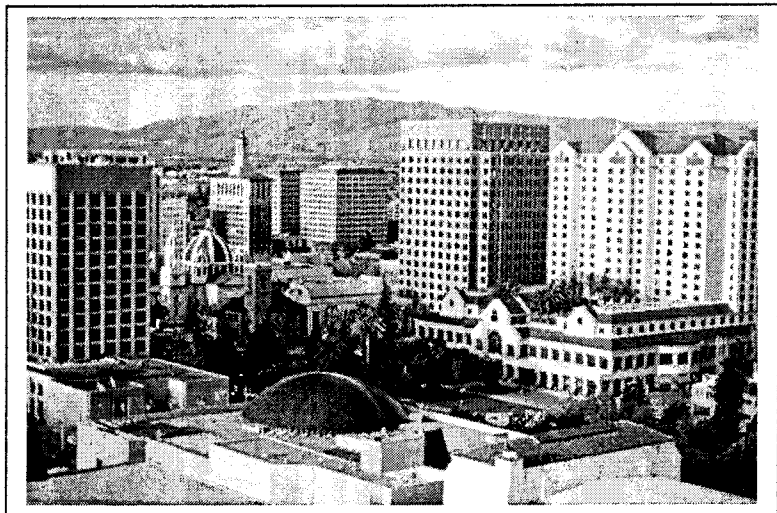
*City Service Area*  
**Aviation Services**  
***FIVE-YEAR BUSINESS PLAN***

***General Plan Alignment***

Adopted by the City Council, the San José 2020 General Plan sets forth the vision of San José reflecting the community values of our residents, business owners, and others. It is a long range plan identifying the location and intensity of land uses, the character of future development and existing neighborhoods and the overall quality of life in the San José community. The General Plan represents the City's assessment of the amount, type and phasing of development needed to achieve the City's social, economic and environmental goals. Although the 2020 General Plan does not provide specific details regarding Airport services or infrastructure, the Airport Master Plan as adopted in 1987 and amended, is consistent with the General Plan and provides a greater level of detail as to how the Airport supports achievement of the goals set forth in the General Plan.

Economic development is a fundamental priority for future growth not only in order to improve the City's financial position, but also to provide employment opportunities for San José's residents. Generally, industrial and commercial uses generate greater revenues and require fewer services than residential uses. Cities in metropolitan areas compete for economic development in order to increase their tax bases and generate the revenues necessary to provide facilities and services. The Airport serves to support this development. The transportation of both passengers and goods is essential to development. Past trends and future projections for economic development indicate continued growth in metropolitan areas as a whole. It is vital, therefore, for San José to attract a large share of the area-wide economic development. Increased revenue from an industrial and commercial tax base is the most practical means of providing residents with reasonable levels of municipal services. The City's land use and transportation policies are designed to create attractive locations for a variety of businesses and industries. Consistent with the 2020 General Plan, the Airport Business Plan identifies long range service goals including:

- To encourage job growth and economic development to support the future economic health of the City.
- To provide infrastructure to support economic success to generate a robust and stable tax base necessary to fund the City's urban service needs.
- To minimize adverse impacts of growth on environmental factors, with programs aimed at reducing traffic congestion and noise, as well as seeking to improve air quality with use of alternative fuels and the building of energy efficient systems in the development of new facilities.



The Airport is an important City infrastructure to attract industrial development. The Aviation Services CSA strategies and plans include:

- Providing transportation services that are timely, efficient and planned to meet business needs for global travel.
- Recognition that the high-tech manufacturing sector will continue to play an important role in the future of County job growth.
- Support for local high-tech industries that develop innovative alliances with other high-tech centers in the global economy.

As a result, marketing and development of air service frequencies, destinations and the encouragement of a mix of air carriers play an important role in providing the services businesses and travelers desire.

# City Service Area

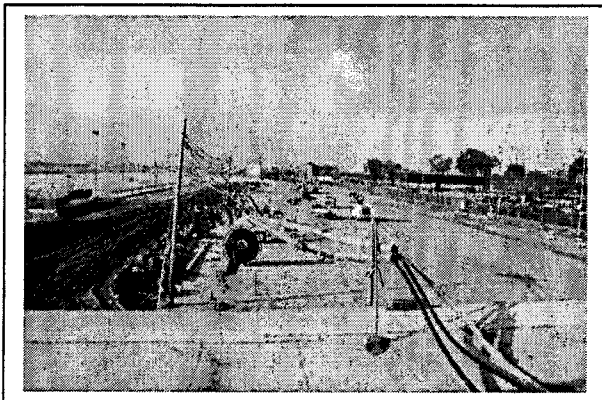
## Aviation Services

### ***FIVE-YEAR BUSINESS PLAN***

#### ***Key Strategic Goals & Objectives***      *Where are we going?*

The Airport is proud of the many fiscal, security, operational and development accomplishments achieved. The focus of outcomes and strategies continues to be to meet existing and new challenges. Among the CSA's goals and objectives are:

- Continue to focus on the efficient delivery of **mission critical services** while being flexible and ready to meet changing demands from both the community and industry. Continue to stress innovation and accountability.
- Identify programs and service priorities and, to the extent possible, make **in-house reductions with reallocations** and provide increased opportunities for employees.
- Invest in and provide timely response to implement **security and regulatory compliance programs**, including implementation of **security-related projects**, such as the North Concourse, the Airline Maintenance Facility (AMF) and Belly Freight Facility.
- Ensure successful **neighborhood outreach and support programs** are planned and implemented.
- Provide **regional economic support and stimulus** through services, as well as Airport operating and capital construction expenditures and tenant businesses.
- Implementation of **financially sound programs** with reasonable rates and charges. Plan, develop and construct infrastructure and services to meet economic, customer service, security and community needs, while carefully assessing **Capital Budget constraints** and CIP priorities. Sequencing of Master Plan projects will continue to be based on a number of variables previously mentioned. In order to maintain a **competitive fee structure** the CSA needs to continue to work within a smaller CIP Renewal and Replacement budget.
- Develop a **Business Strategy that will identify potential business opportunities** to include new lines of business, new ways of delivering services or structuring existing business relationships (such as: Contracting In, Enhanced Technology, Maintenance, and Terminal Services). Development activity needs to continue to focus on promotion and facilitation of revenue enhancement opportunities.
- **Airport Master Plan and ASTRA** compliance and implementation.



#### ***Capital Projects on the Horizon***

##### ***Airport North Concourse***

- ❑ Establishes permanent infrastructure to house baggage screening equipment required by the Transportation Security Administration (TSA) to reduce delays and improve customer service
- ❑ Represents a significant contribution to the local economy in construction payroll costs over the construction period. Precedes development of a new South Concourse and Central Terminal as part of the Airport Master Plan

##### ***Airport Airfield***

- ❑ Reconstruction of Taxiway Y between Taxiways B and L
- ❑ Development of facilities for airline maintenance activities, belly freight and possibly air cargo security screening
- ❑ Taxiway Z Alignment

##### ***Airport Roads and Access***

- ❑ Completion of Route 87
- ❑ North Concourse Roadway Mitigation

##### ***Noise Abatement***

- ❑ Continuation of the treatment program in the Expanded Noise Attenuation area

## TWO-YEAR INVESTMENT STRATEGY

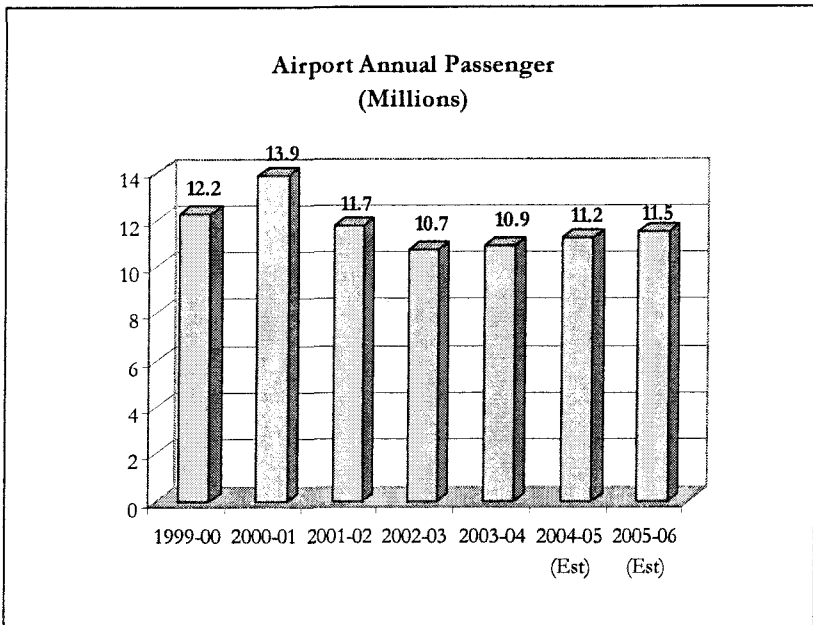
### Overview

*The Aviation Services CSA continues to contend with the impacts of the slow down in the local economy and the fiscal consequences of reduced passenger activity, and at the same time pursue a capital program that will define the physical future of the Airport. The CSA's goal is to minimize the disruptions that lower operating budgets and construction activity can cause.*

During the fall of 2004, a forecast of revenue and expenditures for 2005-2006 reflected a shortfall of \$18.4 million. In order to solve the gap, a number of actions have been approved. A Cost Management Plan saved over \$4 million in costs in 2004-2005 by keeping

positions vacant and reducing non-personal/equipment expenditures especially in contractual services. In addition, the operating budget includes the elimination of 14 vacant positions and reallocates six Airport Department-funded Information Technology Department positions. The CSA reduced parking shuttle bus hours, and current headways (time between buses) will be maintained while increases to services will be demand driven based on activity levels. Private security at vehicle gates and roadways has been reduced to meet current security needs. Reduction strategies place demands on staff to be innovative in meeting the needs of customers so that they will continue to regard San José as their airport of choice, and require the careful consideration of reserve level funding for unanticipated issues. Cost management and control will continue to be a priority for the organization, and are vital in the effort to be responsive to Airport customers, the community and partners. The remainder of the shortfall is being managed through use of reserves, savings and additional Passenger Facility Charge (PFC) reimbursements.

Significant capital projects beyond the implementation of mandated security requirements and the Acoustical Treatment Program (ACT) are being limited.



### Key Investments & Objectives

### How will we accomplish our goals?

The Aviation Services CSA recognizes that continued survival and success depend on setting high expectations and clear priorities. Resources are limited and as a result, the following budget strategies have been set:

- Ensuring Security and Regulatory Compliance
- Implementing Neighborhood Outreach and Support
- Planning/Implementation for Development
- Efficient Customer Service Delivery
- Setting Reasonable Airline Rates and Charges
- Valuing Employee Resources

**CSA PRIORITIES**  
CUSTOMER SERVICE – MISSION CRITICAL SERVICES  
REVENUE GENERATION  
STREAMLING PROCESSES EFFICIENCY  
CIP/ INFRASTRUCTURE DEVELOPMENT

The key to the Airport's success continues to be the way that we meet the challenges of the economy, industry changes, security directives, local environmental concerns, aging infrastructure, space constraints, and customers' expectations for safe, efficient and convenient low cost travel. The organization depends on fiscally conservative practices, dedicated and well-trained staff, community outreach and support and resourceful problem solving and planning processes.

## Aviation Services

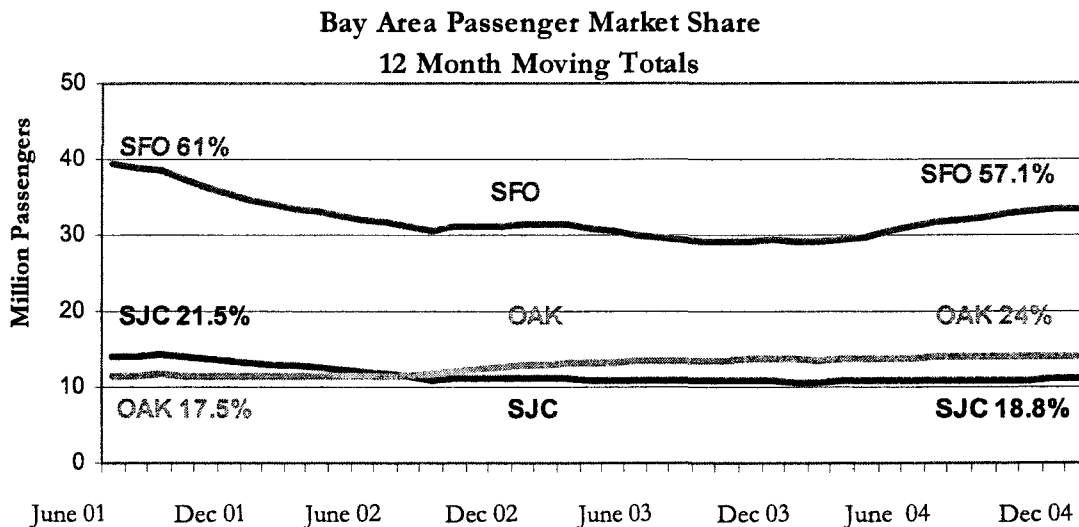
### TWO-YEAR INVESTMENT STRATEGY

#### **Key Investments & Objectives**    *How will we accomplish our goals? (Cont'd.)*

##### **Outcome 1: The Airport is the Region's First Choice for Air Transportation Services**

Challenges faced in this outcome are complex and depend to a great extent on the ability of the CSA to influence decisions by the aviation industry. We compete with the other Bay Area airports not only for passengers and cargo but for destinations and flight frequency. Current economic challenges impact the CSA's attempts to meet customers' and tenants' needs. Even with the recent good news of new flights from JetBlue and Independence Air, Mineta San José International has lost market share, particularly to Oakland.

The Airport and its tenants work to a great extent in a volume-based business model. The greater the number of customers, the greater the number of efficiencies that can be realized, from staff scheduling to load factors, access and flight timing, fueling and energy use, cleaning and preventative maintenance schedules. Each element that makes up the customer's experience has to be evaluated not only to satisfy the customer but to encourage the customer to come back and fly frequently. Competition among carriers is important to keeping costs low and flight schedules growing.



##### **Year 1: 2005-2006 - Planned Service Strategies**

- **Airport Capital Improvement Program (CIP)** includes funding to continue implementation of mandated security requirements. Projects include construction of the North Concourse, airline maintenance and belly freight facilities, air cargo screening implementation and security identification display area improvements.
- In 2005-2006, \$200,000 in additional **business development resources** and the reallocation of an Analyst to the Air Service development team have been approved to focus on the development of air service as a way to contribute to the local economy. In an increasingly global business environment, the availability of air service has become an important requirement for business success. International service is particularly important in that it provides the opportunity to facilitate millions in international trade and support development in the local economy. The CSA intends to identify and pursue those opportunities that offer significant economic and financial benefits to the region.

## TWO-YEAR INVESTMENT STRATEGY

### **Key Investments & Objectives**     *How will we accomplish our goals? (Cont'd.)*

#### **Outcome 1: The Airport is the Region's First Choice for Air Transportation Services (Cont'd.)**

##### **Year 1: 2005-2006 - Planned Service Strategies (Cont'd.)**

- Development of an “**Airport of the Future**” will depend not only on facilities but also on the systems and services available. During 2005-2006, the CSA will move forward with the development of the Business Plan Strategy necessary to support a flexible provisioning environment and infrastructure at the Airport. Systems will allow the Airport to improve management, flexibility, efficiency and customer services. A technology reserve of \$580,000 has been set aside to fund positions and non-personal/equipment costs related to these important improvements once approved.

##### **Year 2: 2006-2007 - Projected Service Strategies**

- Air Service development, marketing, and concession development will continue to be a priority. The Airport provides a critical resource for businesses to consider locating in the region. Additional flights and destinations, especially key international high-tech centers, will be sought to support and expand the local economy.
- The second year of the CIP includes continuation of priority security-related projects; the capital program will continue to be demand driven and, as a result, projects could be accelerated or deferred further.
- Interim development of the former FMC property will allow the anticipated relocation of rental car facilities in 2007 and provide a construction lay down area to help ease construction congestion at the airport site.

#### **Outcome 2: Travelers Have a Positive Guest Experience While Using the Airport**

As in the past, the majority of Airport resources are devoted to the customer experience. Airport customer services range from access, to facilities and amenities, information and security, food and retail concessions, parking and shuttle services and a host of other facilities and services. Knowing that customers have other options available to them for air service travel keeps the Airport looking for new and better ways to serve the public and its tenants. Airport passengers and tenants expect more than ever before. During this time of limited resources the Airport must continue to look for the most cost efficient way to meet customers' expectations.

##### **Year 1: 2005-2006 - Planned Service Strategies**

- The Airport continues to fund 82.5 positions that provide direct **administrative** and **Police and Fire services** to the Airport, as well as 27 capital-related positions along with associated overhead.
- Airport will continue to seek cost effective and innovative ways to meet **customer service** needs, including:
  - ⇒ **A Cell Phone Lot** opened this summer, allowing meeters and greeters free parking to stay with their car while waiting for the call from the deplaning friend or family member.
  - ⇒ Proactive management of **Shuttle Bus** service hours for both Parking and Rental Car lots to ensure costs are controlled but customer service is not weakened. Bus headways “time between bus arrivals” will be kept at existing levels of 5.2 minutes for parking and 8 minutes for rental car shuttle service. The reduction will save over \$600,000 in 2005-2006.
  - ⇒ Parking revenue levels are anticipated to top \$30 million, allowing a reduction to the collection fees for parking management and to the Parking Services Operator. The Operator's fees are based on a scaled percentage of parking revenues.

City Service Area  
**Aviation Services**  
***TWO-YEAR INVESTMENT STRATEGY***

---

**Key Investments & Objectives**     *How will we accomplish our goals? (Cont'd.)*

**Outcome 2: Travelers Have a Positive Guest Experience While Using the Airport (Cont'd.)**

**Year 1: 2005-2006 - Planned Service Strategies (Cont'd.)**

- ⇒ **Terminal support** functions will continue by providing staff devoted to terminal services. Although funding for contractual security support staffing will be reduced by \$787,861, it is anticipated that sufficient staffing will be available to support ongoing security needs.
- ⇒ The Airport will continue efforts to improve **concessions** and seek **partnerships** to offset costs or generate additional revenues.
- ⇒ Development of an **On-Demand Taxi Dispatch** system that not only serves Airport customer needs, but also benefits downtown taxi accessibility. This program, approved by Council in June, is funded through new revenues.
- ⇒ Reductions to facilities and operations staff may impact in-house responsiveness to special projects and service cycles may be impacted with an increase in passengers. **No filled positions** have been eliminated.
- In conjunction with the Police Department and the TSA, the addition of a fourth **canine unit** has been approved. Included in the budget is funding for a vehicle and non-personal/equipment expenditures. The TSA will provide the explosive detection canine, training and up to \$40,000 in annual grant funds to support the addition.
- The CSA will continue to be **responsive** to changing customer service needs, federal mandates and seeking opportunities to provide improved services and infrastructure for passengers and tenants.

**Year 2: 2006-2007 - Projected Service Strategies**

- The CSA will continue to seek input from its customers to improve and expand services and facilities.
- North Concourse amenity and concession development and planning will continue.
- The Airport will continue to carefully monitor impacts and influences of changes in the aviation industry, the local economy and City organization.
- Access improvements will continue. The North Concourse roadway mitigation project will be the main focus in this category. This project provides for access to, and around, the North Concourse. Also included in this category are the initial phases of the Airport Boulevard express exit lane.

**Outcome 3: Businesses Consider the Airport as a Partner in Supporting the Success of the Regional Economy**

Much of the CSA's efforts in this outcome are related to minimizing reductions or construction activities that adversely impact air service and assisting local businesses in their efforts by providing information, infrastructure, timely services and transportation opportunities. The Airport proactively seeks to partner with businesses to support economic vitality. Another way the CSA seeks to support economic success is by keeping costs low and competitive with other Airports.

**Year 1: 2005-2006 - Planned Service Strategies**

- Continue the successful **outreach program** to local business to support their involvement and success in doing business in the City and at the Airport.

## ***TWO-YEAR INVESTMENT STRATEGY***

### **Key Investments & Objectives**     *How will we accomplish our goals? (Cont'd.)*

#### **Outcome 3: Businesses Consider the Airport as a Partner in Supporting the Success of the Regional Economy (Cont'd.)**

##### **Year 1: 2005-2006 - *Planned Service Strategies (Cont'd.)***

- **Enhanced Job Development, Business Outreach, Concession Planning and Development** – The Airport has instituted a number of programs to educate and enhance local business involvement. These programs, such as outreach meetings, focus groups, and flyers will continue to seek to involve and successfully promote local businesses.
- Creation and support of a business strategy that will identify potential business **opportunities** to include new lines of business or new ways of delivering services or structuring existing business relationships.
- **Capital infrastructure** funding allocated for construction of the North Concourse, as well as the design and build of the Airline Maintenance Facility (AMF), and Taxiways Y and Z creates jobs through both construction and Airport operations, helping to power the region's economic vitality.
- The Airport **Fixed Based Operators** (FBOs) Jet Center and ACM Aviation will continue to work on development to meet the changing demands for business services and support.

##### **Year 2: 2006-2007 – *Projected Service Strategies***

- Interim development of the former **FMC property** will allow space for Airport transition due to construction, and will provide its tenants, vendors and stakeholders much needed space for services.

#### **Outcome 4: The Airport is Considered to be a “Good Neighbor” by the Community**

The Aviation Services CSA provides many programs to support the community. Beyond the ACT Program which provides noise abatement construction to residents living in the noise contour, several other environmental programs have been implemented to save energy, expand the use of alternative fuels and ensure water and air quality and protect wildlife.

Traffic mitigation projects and services such as VTA Flyer, the one-way loop, the Skyport Grade Separation, Route 87 and the Coleman 880 interchange have all served the community well by improving access, as well as playing a role in improved air quality.

##### **Year 1: 2005-2006 - *Planned Service Strategies***

- The Adopted Capital CIP includes \$30.3 million in funding to treat eligible residences impacted by aircraft noise. The **ACT Program** continues the acoustical treatment of properties in the expanded Category IB Eligibility Area. The ACT Program also continues its partnership with the Housing Department and SNI staff in a combined effort to provide a higher quality of life and extend the “Good Neighbor” policy in these neighborhoods. To date, approximately 1,700 dwelling units and 4 schools have been acoustically treated. Acoustical treatment typically consists of replacement of windows and doors, installation of attic insulation, weather-stripping and air conditioning. In 2004-2005 there are approximately 200 dwelling units under construction and bids for an additional 180 units were awarded. The majority of the remaining dwelling units to be treated are considered to be historically significant. Requirements for treating these units are being outlined in a programmatic agreement between the City, the FAA, the Advisory Council on Historic Preservation and the California State Historic Preservation Office.

*City Service Area*  
**Aviation Services**  
***TWO-YEAR INVESTMENT STRATEGY***

---

***Key Investments & Objectives***     *How will we accomplish our goals? (Cont'd.)*

**Outcome 4: The Airport is Considered to be a “Good Neighbor” by the Community**  
(Cont'd.)

**Year 1: 2005-2006 - *Planned Service Strategies (Cont'd.)***

- Neighborhood partnerships have grown and continue to grow as the ACT Program has conducted door-to-door outreach campaigns and presentations to community groups, such as the Washington Area Community Coalition, City of San José Housing Department, as well as the Rosemary Gardens Neighborhood Association.
- The Airport continues to fund and operate the **Compressed Natural Gas Station (CNG)** which opened in 2003. The station is open to the public and, as such, serves to encourage the communities' use of alternative fuel vehicles.
- The Airport has successfully introduced and continues a variety of **noise monitoring, curfew enforcement** programs and community outreach activities to help the Airport communicate with the **community** and resolve various stakeholder issues that impact Airport neighbors. Installation of two closed circuit television cameras in support of the curfew-monitoring program is underway. Cameras provide enhanced enforcement capabilities to Airport staff. An upgrade of the Airport Noise and Operations Monitoring System is also anticipated in the near future. This upgrade will replace the UNIX operating system with a Windows-based operating system in compliance with the City's IT Master Plan, making the system more user friendly and improving staffs' ability to service client workstation and server components. The upgrade also replaces current noise monitoring site hardware at the Airport's 15 noise monitor locations with modern equipment ensuring system maintainability. The elimination of one vacant Noise Specialist was approved. The impact of the elimination of this position has been minimized by the technical improvements introduced in the noise and curfew programs over the past three years.
- **Facility Energy Efficiency Programs** such as the recently completed installation of energy-efficient, dollar saving variable frequency drives in the Airport's Central Plant will continue.
- **Community Outreach** to engage the community and stakeholders in the preparation of the Airport Master Plan will continue. The Airport Neighborhood Services Group (ANSO) will continue to perform outreach in the community by providing information and receiving input on proposed development and operational changes at the Airport. The group also provides other stakeholders, such as Council offices and local businesses, with timely updates, as well as participates in community meetings, workshops, fairs and events.

**Year 2: 2006-2007 - *Projected Service Strategies***

- Future strategies will include the continuation and development of programs, services, outreach and community input that support community quality of life goals and outcomes.

*City Service Area*  
**Aviation Services**  
***PERFORMANCE BY OUTCOME***

---

***Outcome 1: The Airport is the Region's First Choice for Air Transportation Services***

***City Economic Development Strategy***

This Aviation Services CSA outcome strives to make Mineta San José International Airport the first choice for air transportation in the Bay Area and as such is focused on providing the air service necessary to support the Silicon Valley economy, including the cargo services to ship the region's products to the global market. The CSA seeks to support many elements included in the City's Economic Strategy, which guides policies, investments and partnerships. Achievement of this outcome is served by providing the facilities and infrastructure to support air service, as well as providing programs to develop and support the appropriate diverse mix of carriers, destinations and flight frequencies to meet service demands of the region.

***Air Service Development***

The Airport continues to work with its partners – the Office of Economic Development, Convention and Visitor's Bureau and the San José Silicon Valley Chamber of Commerce – to conduct market research and outreach to the business community. Recent air service successes have included adding San José's newest carrier, Independence Air, which serves Washington DC (Dulles) with a daily nonstop flight. In addition, JetBlue began service to Boston and added a second daily flight to New York (JFK), while Southwest has added a new nonstop service to Chicago – Midway. All these service additions began in May 2005. By conducting market research and maintaining effective outreach programs, the Airport continues to make airlines aware of service opportunities at SJC. The CSA's recent air service focus has been on retaining existing routes, but also includes working to regain service lost since 2001 and obtain new service, particularly to strategic domestic and international business markets.

***Airport Capital Improvement Program (CIP)***

The 2006-2010 Adopted Airport CIP funds construction projects of roughly \$543 million and focuses on the implementation of security-driven projects in the near term, with other projects programmed to coincide with activity/revenue increases. However, uncertainties associated with

security directives, local and national economic conditions, and the dynamic airline industry will continue to play a part in both scheduling and the approach to these projects.

The Airport will continue to focus on implementation of security-related projects, primarily the North Concourse, which will house a permanent, automated in-line explosive detection baggage screening system and security screening space. Funding is provided to address critical customer service needs, as well as maintenance and safety-related projects.



The Airport Master Plan Owner Controlled Insurance Program (OCIP) will continue with the on-site safety and program coordination that is necessary to have an effective OCIP. Efforts to ensure that accidents, injuries and claims are minimized will continue.

Interim development resulting from the leasing of the FMC property provides beneficial uses for the Airport and community including additional parking, lease space, and off-airport construction areas. Opportunities to reuse areas on the Airport site vacated

***PERFORMANCE BY OUTCOME***

---

***Outcome 1: The Airport is the Region's First Choice for Air Transportation Services***  
***(Cont'd.)***

***Airport Capital Improvement Program***  
***(CIP) (Cont'd.)***

as a result of the lease of FMC site continue to be evaluated.

Working in conjunction with the CIP Action Team, project schedules and timelines are tracked to monitor delivery of projects on time and on budget, as well as for customer satisfaction.

***Airfield Improvements***

In the near term, airfield improvements will focus on reconstructing Taxiway Y, the main taxiway serving the

runway system, as well Taxiway Z adjacent to the future North Concourse. Included also are several safety improvements, such as replacing taxiway signs, and adding runway end indicator lights on runway 11/29.

The Airport will continue to seek service coordination with the TSA, FAA, airlines and other stakeholders to provide mandated security for both passengers and baggage screening in the most effective manner possible given facility, funding and staffing limitations. Partnerships will continue to be developed both internally and externally to look at streamlining activities to improve service delivery and reduce costs.

## *PERFORMANCE BY OUTCOME*

### *Outcome 1: The Airport is the Region's First Choice for Air Transportation Services (Cont'd.)*

5 Year Strategic Goals	CSA Performance Measures	2006-2010 5-yr Goal	2004-2005 1-yr Target	2004-2005 Estimate	2005-2006 1-yr Target	2006-2007 2-yr Target
A. Community has air services to destinations that they want	1. % customers able to reach desired destinations from the Airport	80%	68%	64%	70%	70%
	2. % of regional air service market share	22%	20.0%	18.9%	20.0%	20.0%
B. Air service is provided to the community at frequencies that they want	1. % of customers surveyed rating the frequency of air service as good or excellent	75%	75%	73%	75%	75%
C. Air cargo services support the business needs of the community	1. % of regional demand for air cargo services met by SJC	11%	10%	8.6%	10%	10%
D. Aviation CSA delivers quality CIP projects on-time and on-budget	1. % of CIP projects delivered* within 2 months of approved baseline schedule	85%	85%	92%* (24 of 26)	85%	85%
	2. % of CIP projects that are completed** within the approved baseline budget	90%	90%	86%** (6 of 7)	90%	90%
	3. project delivery costs (exclusively of city-wide overhead) as % of total construction cost for completed projects with construction costs					
	less than \$500,000-	31%	31%	N/A***	31%	31%
	between \$500,000 and \$3M-	23%	23%	43%	23%	23%
	greater than \$3M-	15%	15%	26%	15%	15%
	4. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after first year of use	80%	80%	85%	80%	80%
	5. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	85%	85%	65%	85%	85%

\* Projects are considered to be "delivered" when they are available for their intended use.

\*\* Projects are considered to be "completed" when final cost accounting has occurred and the project has been accepted.

\*\*\* No projects in this category.

***Outcome 2: Travelers Have a Positive Guest Experience While Using the Airport***

***The Customer Connection***

The Airport's recent customer survey (March 2005) indicates that although the CSA has reduced staff and resources during the course of budget reductions necessary since 2001, customers continue to be relatively satisfied. Airport service and facility ratings have benefited, in part, from the reduction in passenger activity, but the Airport has also worked very hard to look for low cost alternatives and solutions to the many challenges presented by security, airline industry, and access changes. The Aviation CSA remains committed to working with airlines and other tenants, the media, community organizations and City and Council staff to ensure that communication channels successfully inform passengers and guests about new and changing expectations.

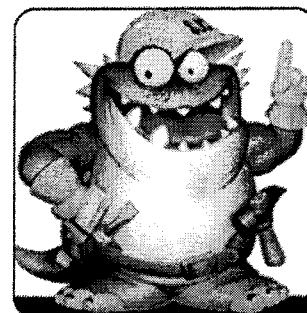
Communication with customers, tenants, neighbors and the community is critical to the success of the CSA and a host of mechanisms has been developed to keep customers and stakeholders informed. From the newly improved web site to weekly activity e-mails, surveys, meetings, newsletters and the development of a new signage plan, the Airport seeks to inform and educate, as well as receive feedback from its customers.

***Resources***

Revenue levels coupled with increasing costs required additional reductions to balance the 2005-2006 budget. Although none of the reductions have severely impacted existing customer services, each reduction has an impact to either the quality of customers' experience or the ability of the Airport to rapidly respond to changing needs. Reductions in this outcome total \$1.6 million and include: a security service reduction that eliminates funding for level orange and red vehicle checks as well as recognizes savings available from gate security efficiencies; parking shuttle service reductions bringing annual hours from 90,000 to 80,500 (the current service level); parking services contract reductions to recognize the contractual cost reduction available to the City since revenue levels are at \$30 million; elimination of 11.70 vacant positions impacting staff associated with custodial, electrical, curb and

parking enforcement, and property management; and communications and non-personal/equipment reductions related to pest control services and the holiday bus bridge. The addition of funding to purchase a vehicle for a new Airport canine unit in the Police Department has also been approved.

**Wilbur, the Airport  
"Spokesmonster",  
continues his  
efforts to inform  
Airport Customers,  
Tenants and  
Employees**



***Airport Guest Experience and Expectations***

Airport customer service demands are dynamic. Passengers expect more from the Airport, while fiscal constraints continue to mean reduced staffing levels and reductions to non-personal/equipment funding. The focus of this outcome is to provide a positive and predictable experience for customers. To do this, the CSA seeks to continuously evaluate existing and new services, staff and other resources. Reductions to services are tempered by increased information, as well as pilot and transition programs to help ease the impact of changes on customers and tenants alike.

The Airport continues to seek cost effective and innovative ways to meet customer service needs, by developing partnerships, sharing information and being responsive to changes in both the aviation industry and the community. Projects recently initiated include:

Development of new **amenities** such as divestiture bags, checkpoint mailers, improved flight information displays, and checkpoint video information guides.

**Concession** improvements such as Burger King and Starbucks in Terminal A as well as mid-term refurbishing projects by the various concessionaires.

## PERFORMANCE BY OUTCOME

### *Outcome 2: Travelers Have a Positive Guest Experience While Using the Airport (Cont'd.)*

#### **Airport Guest Experience and Expectations (Cont'd.)**

Continuation of the **SJC Courtesy Carts** services to and from the Ground Transportation Center.

Proactive management of **Shuttle Bus** service hours for Parking and Rental Car lots to ensure costs are controlled but customer service is not weakened.

Partnering with Our City Forest, the Airport will plant new trees and landscaping installations on Airport Boulevard and Ewert Road. It is anticipated that project maintenance will be performed at no additional cost.

Aging infrastructure and decreased staffing levels have required the development of systems and priorities that focus maintenance on providing both preventative and responsive maintenance in as cost effective a manner as possible. A new **Computerized Maintenance Management System (CMMS)** will be introduced that will allow enhanced work order management, asset lifecycle management, workforce benchmarking, and automated integration with existing building systems such as alarms, generators, etc.

Patterned after the highly successful **in-house baggage and jet bridge maintenance programs**, the Airport continues to look at cost efficiencies especially in the area of facilities maintenance and management. A review of the contracted airfield rubber removal program – the mandated process to clean the taxiways, runways and ramp areas – is now underway. Staff is analyzing the cycle time, costs, performance standards and resource needs associated with the program to see if program enhancements or efficiencies are available.

**Employee Support and Retention** – the Airport has been able to successfully reduce millions of dollars in costs and meet the many challenges from 9/11 due in large part to the excellent and well trained staff at the Airport. Through a variety of means including: redeployments, cross-training, employee driven core teams, in-house contracting and individual efforts, the Airport Team is strong, creative and capable.

**Addition of Canine Team** – an extension and expansion of the Airport's TSA Canine Explosives Detection program to include a 4th canine team has been approved. The Airport will receive up to \$40,000 annually from the TSA as reimbursement for the program. A fourth unit will provide more coverage of existing facilities, increase overall passenger security, expedite event response times, ensure that all teams have sufficient time to train to federal standards, and prepare to meet TSA regulatory changes which are expected to include more stringent mail and cargo searches.

The service model for **Taxicab and Door-to-Door Shuttle Services** will change in Fall 2005 with the advent of an on-demand dispatching service at the Airport. This service will manage the customer service, supply and dispatching of these large volume ground transportation services. The Airport, in conjunction with the Transportation and Police Departments, will also monitor and administer the new model for taxicab service for the City, which will take effect upon implementation of the program at the Airport.

Landside Operations will proceed with a Request for Proposal for an **Alternate Fuel Bus** fleet to replace the diesel fuel buses currently in operation on the rental car route. The new fleet will meet expected 2007 California Air Resources Board standards and is expected to be put into service in spring 2007.

Work has been completed on construction of a **Cell Phone Lot** for vehicles wishing to wait for a call from incoming passengers prior to moving to the curbside for pick-up. This customer service feature, constructed in 2005, will be monitored closely following its opening for use, capacity and location.

The North Concourse roadway mitigation project will be the main focus in **Transportation Improvements**. This project provides access to, and around, the North Concourse. The initial phases of the Airport Boulevard express exit lane are also scheduled.

Airport will continue to support and inform the community concerning the development of **Public Art** associated with the Airport Master Plan.

*City Service Area*  
**Aviation Services**  
**PERFORMANCE BY OUTCOME**

***Outcome 2: Travelers Have a Positive Guest Experience While Using the Airport***  
***(Cont'd.)***

***Activity***

Monthly passenger levels continue to remain steady at approximately 1999 levels. The 2005-2006 Adopted Budget assumes a 2% increase in passengers for 2004-2005 and a 3% increase in passengers for 2005-2006. Operational activity levels (flights) will remain stable over the course of the next 12 months with an increase in passenger load factors expected.

***Goals and Targets***

One-year targets are generally lower than the five-year goals in recognition of the anticipated drop in customer satisfaction due to service level reductions associated with budget reductions and the unavoidable impact of construction on day-to-day operations.

Capital projects will require development of construction zones, alternative routes, and new and

creative signage. Because there has been little Airport facility development since 1990, passengers have become accustomed to moving in traditional patterns when they arrive or depart from the Airport. Changes will be necessary and the changes may spark dissatisfaction during the course of transition. Travel time may be impacted by the construction projects; delays and changes related to security mandates and increases to passenger traffic may all influence satisfaction levels.

Finally, the physical constraints of existing terminal facilities, i.e., limited amenities for non-ticketed guests, limited space for security checkpoint access, increased dwell time, etc., if coupled with any significant increase in customers, may reduce existing customer and tenant satisfaction levels.

5 Year Strategic Goals	CSA Performance Measures	2006-2010 5-yr Goal	2004-2005 1-yr Target	2004-2005 Estimate	2005-2006 1-yr Target	2006-2007 2-yr Target
A. Passengers have a positive experience when using the Airport	1. % of customers rating the Airport amenities as good or excellent, based on availability, quality, and cost	90%	65%	63%	65%	65%
B. Customers experience reasonable and predictable travel	1. % of customers rating travel time from the Airport entrances to the terminals as good or excellent	100%	66%	66%	60%	70%
C. Provide facilities necessary to meet the needs of customers, as well as businesses that operate within the Airport	1. % of customers rating Airport facilities as good or excellent, based upon availability, condition and cleanliness	90%	85%	85%	87%	87%
	2. % of tenants rating Airport services as good or excellent, based upon facility condition, cleanliness, safety, efficiency and responsiveness	90%	60%	89%	90%	90%

## PERFORMANCE BY OUTCOME

### *Outcome 3: Businesses Consider the Airport as a Partner in Supporting the Success of the Regional Economy*

#### **Partnering with Business**

The Aviation Services CSA strives to partner with businesses to help ensure the success of the regional economy. This includes providing air service between strategic markets, as well as providing facilities and services businesses desire. The percent of business passengers at the Airport has fallen from 63% in 2000 to 48% in 2005 due to the decline in the local economy and changing business practices. In addition, lower fares currently offered by airlines have led to an increase in leisure travel. The CSA expects that as the local economy recovers, the percent of business travelers will increase as will the expectations for business centers and services. In the meantime, the CSA is committed to maintaining and developing flights and services necessary to serve business travelers as they return.

#### **Rates and Charges**

Another important aspect of partnering with business is maintaining a competitive rate structure. Stiff competition for new air service between the Bay Area's airports makes it particularly important for San José to maintain a positive business environment in order to remain a viable option for airlines. This enhances the likelihood of meeting the air service needs of businesses in the region. The Adopted Budget includes an increase in the landing fee, from \$1.28 to \$1.43 per thousand pounds. Average rental rates per square foot have decreased from \$152.36 to \$141.86 for Terminal A and increased from \$75.73 to \$81.67 in Terminal C. Perhaps the most important measure in this outcome is the cost per enplaned passenger (CPE), which was estimated for 2004-2005 to decrease from \$4.69 to \$4.49. The CPE for the 2005-2006 Adopted Budget has been preliminarily set at \$4.33.

The CPE is a key indicator. The chart to the right provides a history of the CPE at SJC. It is important to point out that these costs are influenced by both the

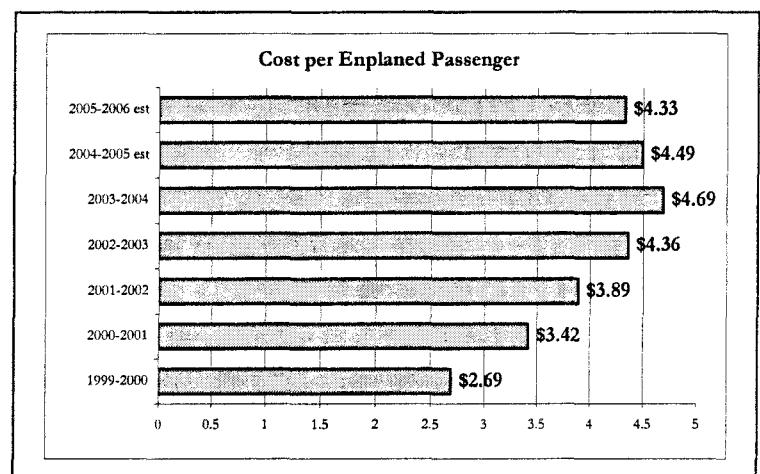
costs of operating and building the Airport, as well as the number of passengers using the airport. As mentioned earlier, the Airport and its tenants are impacted by the volume of passengers flowing through the airport.

#### **Business Outreach**

The Airport will continue to seek to be cost competitive by carefully controlling service rates and charges. Over the course of the past four years, the Airport has successfully met new service mandates and various security and amenity challenges without the need to make dramatic increases to parking rates or other rates and charges.

A design/build plan for the airline maintenance facility is being developed. Implementation of the airline maintenance facility located at the southeast corner of the Airport will be the first project to be implemented under the new design/build ordinance.

The Airport will also continue to pursue grant funds from a variety of federal and State agencies. Recent successes include receipt of grants funds for a new fire truck received in 2004 and for the airfield runway (LOI) and taxiway improvement, for the ACT program and for the Terminal C apron lighting program received in 2004-2005.



*City Service Area*  
**Aviation Services**  
**PERFORMANCE BY OUTCOME**

**Outcome 3: *Businesses Consider the Airport as a Partner in Supporting the Success of the Regional Economy (Cont'd.)***

***New Programs***

**GPS-based Pilot Program** – Airport Operations is teaming with Unisys to provide a test site for potential augmentation to nationwide airport security practices. The project uses a combination of fingerprint readers,

GPS systems, and radio-frequency transmitters, and is a two-fold approach to assess emerging technologies as a means to authenticate the authority of those persons operating vehicles on the ramp and ensure vehicles are only being operated in assigned areas. The TSA is fully funding this project.

5 Year Strategic Goals		CSA Performance Measures	2006-2010 5-yr Goal	2004-2005 1-yr Target	2004-2005 Estimate	2005-2006 1-yr Target	2006-2007 2-yr Target
A.	Business passengers have a positive experience when using the Airport	1. % of business passengers rating the Airport services as good or excellent, based upon availability of amenities, quality and costs	90%	60%	59%	70%	70%
B.	Provide facilities necessary to meet the needs of customers, as well as businesses that operate within the Airport	1. % of business passengers rating Airport services as good or excellent, based upon service availability, facility condition, and cleanliness	90%	85%	80%	85%	85%
		2. % of business passengers rating rental car services as good or excellent, based upon availability, quick return of rental cars, courtesy of rental car staff and reasonable rental car rates	90%	65%	68%	70%	70%
C.	Cost to airlines of operating at the Airport is competitive with other airports in the region	1. Airline cost per enplaned passenger	TBD*	\$4.76	\$4.49	\$4.33	TBD*
D.	Provide adequate domestic air service to meet business passenger needs	1. % of corporate travel planners and travel agents that feel SJC provides adequate domestic air services to the business passengers	85%	60%	64%	70%	75%
E.	Provide adequate international air service to meet business passengers needs	1. % of corporate travel planners and travel agents that feel SJC provides adequate international air services to the business passenger	30%	27%	22%	27%	27%

\* The cost per enplaned passenger (CPE) is a benchmark that includes assumptions related to total Airport costs, revenues, and passenger activity.

## PERFORMANCE BY OUTCOME

### *Outcome 4: The Airport is Considered to be a “Good Neighbor” by the Community*

#### ***Linking the Airport to the Community***

The CSA continues to seek win-win solutions to mitigating the negative impacts of Airport operations on the community. Ongoing outreach to the community, neighborhoods and community leaders not only provides the Airport with the opportunity to educate but to gather ideas and input on the priorities of the community. Several specific programs are described below.

#### ***Airport Neighborhood Service Group — ANSG***

The ANSG continues to work in the City's neighborhoods as a partner with the SNI program to minimize Airport impacts and serve as an advocate for residents. The group continues to facilitate interactive educational community meetings and assist in addressing neighborhood concerns. These efforts have resulted in increased communication and improved service.

Efforts in 2004-2005 included community outreach of design and operation of the North Concourse and outreach to local business to encourage their participation in Airport business opportunities.

#### ***Community Programs—ACT***

The Airport is committed to being a good neighbor in the community, and continues to implement programs to minimize the impacts of operations on the community. The largest program to serve the community is the Acoustical Treatment Program (ACT). The Airport Adopted CIP includes \$28.6 million in funding for treatment of approximately 1,200 residences located in the 65 decibel Community Noise Equivalent Level (CNEL) noise contour and includes both treatment of properties located in the projected 2006 Noise Exposure Map, as well as the City's updated 2010 contour projection.

#### ***Noise Monitoring***

Noise monitoring, curfew enforcement, reporting and community outreach continue to be a priority for the Airport. The Airport has successfully introduced and

will continue to provide programs including: neighborhood workshops, a retooled telephone management system, web reporting and a Noise Response Customer Satisfaction Survey. These programs work in conjunction with the Quarterly Airport Noise Monitoring meetings and detailed complaint resolutions available in the Airport Monthly Noise Report to help the Airport communicate and resolve various stakeholder issues that impact the community.

To better enforce the noise curfew program at SJC, two thermal imaging cameras have been purchased to provide infrared pictures of planes that break curfew. The improved monitoring system will provide a thermal signature of the exact time the planes touch down or take off, helping to document any violations.

#### ***Air Quality***

The CSA continues efforts to reduce air emissions associated with Airport operations, and seeks to be a leader in the use of alternative fuel vehicles. The fleet of compressed natural gas (CNG) powered shuttle buses introduced in April 2003, along with an on-Airport public use CNG fueling station, provides the City with an alternative fuel source as well as reduced air emissions that will serve the community well into the future.

Airport access has been improved with the opening of the Route 87 freeway access to the new Airport entrance at Skyport Drive. Further access improvements are due shortly with the construction of the Interstate 880/Coleman interchange. This project is a coordinated effort of the City, Caltrans and the Valley Transportation Authority. Both projects, once complete, will improve Airport access as well as air quality.

Environmental programs will continue to be developed and operated including: support for airline recycling, ongoing energy efficiency infrastructure improvements and sustainable building design planning and development, water quality inspections and reporting, trails and alternative transportation programs such as the EcoPass program.

# *PERFORMANCE BY OUTCOME*

## *Outcome 4: The Airport is Considered to be a "Good Neighbor" by the Community (Cont'd.)*

One change to the CSA's performance measures was approved. Measure B1 has been updated to include all shuttle buses rather than just the parking shuttles. A replacement of the Rental Car shuttle fleet is

anticipated to occur in 2007 and the revised measure will allow the CSA to track the progress toward the reduction of emissions from this fleet in the future.

5 Year Strategic Goals	CSA Performance Measures	2006-2010 5-yr Goal	2004-2005 1-yr Target	2004-2005 Estimate	2005-2006 1-yr Target	2006-2007 2-yr Target
A. Reduce the incompatible land uses around the Airport to zero	1. Acreage of incompatible land uses	0.0	0.0	2.43 acres	0.0	0.0
B. Reduce air emissions	1. Tons of emissions reduced via conversion of Airport buses to alternative fuels technologies	50 (10 tons per year)	30	12	10	10
C. Strengthen communication with all stakeholders regarding the noise impact of operating the Airport	1. % of noise complaints responded to within one day	100%	100%	95%	100%	100%
	2. % of customers rating the Airport response to noise issues as satisfactory or better	100%	100%	89%	100%	100%
D. Establish the Airport as a responsive and active participant in the local community	1. % of community organization leaders who rate the Airport as an established and active participant within the community	90%	90%	61%	90%	90%

*City Service Area***Aviation Services****ADOPTED INVESTMENT CHANGES**

<b>Adopted Core Service Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
-------------------------------------	------------------	-----------------------	--------------------------

**Outcome: THE AIRPORT IS THE REGION'S FIRST CHOICE FOR AIR TRANSPORTATION SERVICES***Community Air Service (Airport)*

- Enhanced Air Service Development

	0.00	200,000	0
<i>Subtotal</i>	<b>0.00</b>	<b>200,000</b>	<b>0</b>

**Outcome: TRAVELERS HAVE A POSITIVE GUEST EXPERIENCE WHILE USING THE AIRPORT***Airport Customer Service (Airport)*

• Parking Shuttle Service Hours		(606,421)	0
• Airport Communications and Facilities Services	(5.64)	(490,137)	0
• Curb and Ground Transportation Services	(2.00)	(127,199)	0
• Airport Master Plan Staff Efficiencies	(1.00)	(61,184)	0
• Airport Pest Control Services Efficiencies		(17,348)	0
• Airport Bus Bridge Supplemental Services		(15,000)	0
• Airport Marketing Support	(0.10)	(9,496)	0
• Additional Airport Canine Team Vehicle		44,000	0

*Community Air Service (Airport)*

• Airport Communications and Facilities Services	(0.06)	(7,268)	0
--	--------	---------	---

*Strategic Support (Airport)*

• Restructure of Airport Employee Services and Training	(2.00)	(220,317)	0
• Airport Marketing Support	(0.90)	(85,467)	0

<i>Subtotal</i>	<b>(11.70)</b>	<b>(1,595,837)</b>	<b>0</b>
-----------------	----------------	--------------------	----------

**Outcome: BUSINESSES CONSIDER THE AIRPORT AS A PARTNER IN SUPPORTING THE SUCCESS OF THE REGIONAL ECONOMY***Airport Customer Service (Airport)*

• Gate and Roadway Security Efficiencies		(787,861)	0
• Parking Operations Contract		(524,000)	0
• Airport Property Management Reallocation	(0.85)	(132,912)	0

*Airport Environmental Management (Airport)*

• Airport Property Management Reallocation	(0.05)	(7,819)	0
• Airport Office Supplies and Equipment Efficiencies		(2,390)	0

*Strategic Support (Airport)*

• Airport Financial Management		(175,000)	0
• Airport Communications and Facilities Services	(0.30)	(34,932)	0
• Airport Office Supplies and Equipment Efficiencies		(49,836)	0
• Airport Property Management Reallocation	(0.10)	(15,635)	0
• Master Plan Outreach Efforts Streamlining and Consolidation		(14,000)	0

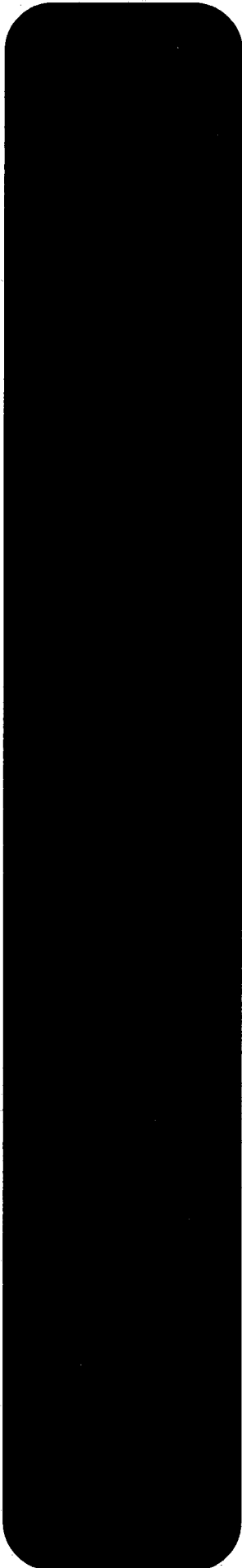
• Tenant Airlines Active Directory		35,000	0
------------------------------------	--	--------	---

<i>Subtotal</i>	<b>(1.30)</b>	<b>(1,709,385)</b>	<b>0</b>
-----------------	---------------	--------------------	----------

Aviation Services

**ADOPTED INVESTMENT CHANGES**

Adopted Core Service Changes (Cont'd.)		Positions	All Funds (\$)	General Fund (\$)
<i>Outcome:</i> THE AIRPORT IS CONSIDERED TO BE A "GOOD NEIGHBOR" BY THE COMMUNITY				
Airport Environmental Management (Airport)				
• Airport Noise Specialist Efficiencies		(1.00)	(65,713)	0
	<i>Subtotal</i>	(1.00)	(65,713)	0
<b>Total Core Service Changes</b>		<b>(14.00)</b>	<b>(3,170,935)</b>	<b>0</b>



**2005-2006**

---

**OPERATING BUDGET**

**AVIATION SERVICES  
CSA**

**CORE SERVICES**

# Service Delivery Framework

**CITY SERVICE AREA**  
A cross-departmental collection of core services that form one of the City's 7 key "lines of business"

**MISSION STATEMENT**  
Why the CSA exists

## Aviation Services CSA

*Mission:*

To meet the air transportation needs of the community in a safe, efficient and cost effective manner.

**CSA OUTCOMES**  
The high level results of service delivery sought by the CSA partners

*Outcomes:*

- The Airport is the Region's First Choice for Air Transportation Services
- Travelers Have a Positive Guest Experience While Using the Airport
- Businesses Consider the Airport as a Partner in Supporting the Success of the Regional Economy
- The Airport is Considered to be a "Good Neighbor" by the Community

**PRIMARY PARTNERS**  
Departments with Core Services that contribute to achievement of CSA Outcomes

**CORE SERVICES**  
Primary deliverables of the organization

## Airport Department

*Core Services:*

Airport Customer Service

Airport Environmental Management

Community Air Service

**CONTRIBUTING PARTNERS**  
Departments that contribute to the success of the CSA without a direct core service linkage

Public Works

Office of Economic Development

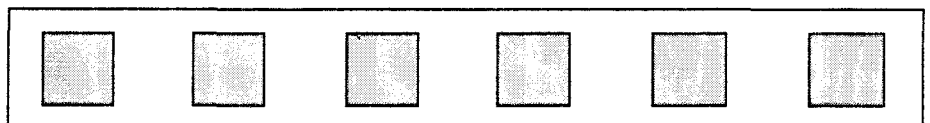
Fire Department

Police Department

Conventions, Arts and Entertainment

**OPERATIONAL SERVICES**  
Elements of Core Services; the "front-line" of service delivery

**STRATEGIC SUPPORT**  
Organization-wide guidance and support to enable direct service delivery





## Aviation Services CSA

### Core Service: Airport Customer Service *Airport Department*

#### Core Service Purpose

---

**E**nsure that Airport users have a good travel experience by having adequate access to the Airport; convenient and available parking; safe and user-friendly facilities; and a variety of quality choices of travel services while at the Airport.

#### Key Operational Services:

- ☐ Airport Services
- ☐ Airport Facilities

- ☐ Airport Access

#### Performance and Resource Overview

---

**T**he Airport Customer Service Core Service contributes to the Aviation Services CSA's Outcome *Travelers Have a Positive Guest Experience While Using the Airport* and *The Airport is the Region's First Choice for Air Transportation Services*. It is the largest of the Airport's core services, comprising 67.0% of the total 2005-2006 Adopted Operating Budget or \$47.9 million. It is also the broadest and most complex core service in that it encompasses all aspects of the customer's Airport experience. Services such as parking availability, the flow of ground traffic, the appearance and cleanliness of Airport facilities, amenities, transportation services, airside operations and the movement of customers through the terminals and security checkpoints are all captured in this core service.

The Airport has worked creatively and responsively to meet customer service needs while cutting positions and reducing non-personal/equipment services and resources over the course of the past four years. In order to bring the 2005-2006 Adopted Budget into balance with anticipated revenues, a number of actions to reduce costs were included in the 2004-2005 Airport Cost Management Plan and will continue through 2005-2006. Reductions in this core service include the elimination of 10 vacant positions.

In Airport Facilities, staffing resources have been reduced, including the elimination of three Custodians, two Electricians and an Office Specialist position. Although these positions were vacant and customer satisfaction survey results had dropped, aging infrastructure and limited contractual and capital resources may further impact customer satisfaction levels since more staff is necessary for the upkeep. Existing staff will need to continue absorbing the workload of two vacant Parking Control Officers and a vacant Communication Service Operator that provides services in the Airport Communication Center.

# Aviation Services CSA

## Core Service: Airport Customer Service *Airport Department*

### **Performance and Resource Overview (Cont'd.)**

---

Also, reallocation of staff in the Finance and Administration division has enabled the department to eliminate the Property Administrative Officer position while assigning its duties elsewhere. This reduction has limited impacts on current service levels, since the position's property management and administrative duties have been reassigned to an existing Program Manager. Finally, a vacant Marketing/Public Outreach Representative position in the Marketing and Business Development Division has been eliminated. Since these positions were vacant, the Airport has already made service adjustments, reallocations, provided cross training and sought to minimize service impacts to customers. In addition, the fact that passengers and customer levels continue to be somewhat flat has allowed the Airport to absorb the reductions with limited impacts.

There are several contractual services reductions included in this Adopted Budget. Private security funding has been reduced to reflect current use and efficiencies made available by security phone lines and security cameras. Parking shuttle service hours have also been reduced to reflect current routes and schedules and parking service collection contractual costs have been reduced as a result of higher revenue levels.

The Airport has been successful in managing current service challenges while developing new amenities so that the customer experience is maintained. The Airport will continue its Courtesy Cart service between Terminal A and the Ground Transportation Center, and a customer service training program has been implemented for front-line tenant staff. Comment boxes have been placed throughout the terminals to receive passenger input on customer service, and an awards program has been developed to reward tenant employees based on these comments. Staff has also been able to develop concession improvements such as the addition of two new Starbucks facilities in Terminal A and Terminal A Plus, as well as the introduction of a juice bar and Burger King in Terminal A. In Terminal C, the Airport has sought to increase the diversity of food and beverage concessions located beyond security checkpoints by inclusion of a bar/sandwich shop in the South Concourse. Restroom facilities for the Alaska Airlines hold room have also been added.

In order to better manage an aging infrastructure and improve the Airport's capacity to maintain new assets like the North Concourse, the Airport is working toward implementing a new Computerized Maintenance Management System (CMMS). This new system will contribute to a better-maintained and more attractive airport through enhanced work order management and asset lifecycle administration. The system will also help staff to evaluate its maintenance performance against other airports through the system's benchmarking features.

In 2005-2006, the Airport will continue to face customer service challenges as construction takes place on the North Concourse and other security-related capital projects. While these infrastructure improvements will significantly enhance the customer experience over the long term, construction activity will likely impact the predictability of travel at the Airport, as pedestrian and vehicle traffic flows are rerouted around project areas. In response, the Airport has included in the 2006-2010 Adopted CIP the North Concourse Roadway Mitigation project to provide access to and around the new facility. The Airport will also continue to utilize public outreach resources to keep Airport tenants, neighbors and passengers informed about upcoming construction activity.

## Aviation Services CSA






### Core Service: Airport Customer Service

*Airport Department*

### Performance and Resource Overview (Cont'd.)

It is anticipated that reduced operating revenue and increased construction activity will continue to challenge the Airport's ability to serve passengers, tenants and customers. However, the service impacts of these challenges have been significantly reduced by the efforts of staff and managers, who have worked diligently to identify adjustments that would allow the Airport to reduce costs while maintaining a high level of service. As a result, the 2005-2006 Adopted Operating Budget should allow the Airport to continue to meet customers' needs, while sustaining a cost structure that is in balance with anticipated revenues.

The Airport raised its target for the percentage of customers rating the Airport's facilities as good or excellent, based on availability, condition, and cleanliness from 76% in 2003-2004 to 85% in 2004-2005. The March 2005 survey showed the Airport meeting that goal with an 85% rating. In 2005-2006, the target has been raised to 87% with the intention of providing an even higher standard of the condition of Airport facilities. As infrastructure ages and is impacted by future construction activity, customer satisfaction may decline. In addition, a rebound of passenger levels and/or continued limited funding could also impact the ability of the Airport staff to perform sufficient maintenance required to achieve customer satisfaction.

Airport Customer Service Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
 % of time public parking is available	100%	100%	100%	100%
 % of customers rating their travel time from Airport entrances to the airline terminal as good or excellent	66%	60%	66%	60%
 % of passenger amenities within 10% of off-Airport prices	88%	85%	89%	90%
 % of customers rating the Airport's amenities as good or excellent based upon availability, quality and cost	64%	65%	63%	65%
 % of customers rating the Airport's facilities as good or excellent, based upon availability, condition, and cleanliness	85%	85%	85%	87%
 % of accountability on active security clearance badges (SIDA)	96.7%	100%	96%	100%

# Aviation Services CSA

## Core Service: Airport Customer Service *Airport Department*

### Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Average number of hours per month parking is available	720	720	720	720
Average travel time from Airport entrances to the airline terminal	<15 min	<15 min	<15 min	<15 min
Total number of annual Airport passengers	10.9M	10.7M	11.2M	11.5M
Total number of annual operations	197,584	198,315	196,178	200,260

Airport Customer Service Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
<b>Core Service Budget *</b>					
Personal Services	\$ 19,337,616	\$ 21,313,944	\$ 21,930,277	\$ 21,234,696	(0.4%)
Non-Personal/Equipment	25,113,888	28,129,995	28,751,609	26,719,632	(5.0%)
<b>Total</b>	<b>\$ 44,451,504</b>	<b>\$ 49,443,939</b>	<b>\$ 50,681,886</b>	<b>\$ 47,954,328</b>	<b>(3.0%)</b>
 <b>Authorized Positions</b>	 <b>273.34</b>	 <b>273.34</b>	 <b>274.29</b>	 <b>264.70</b>	 <b>(3.2%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

# Aviation Services CSA

## Core Service: Airport Customer Service *Airport Department*

### Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)
------------------------------	-----------	----------------

#### BUSINESSES CONSIDER THE AIRPORT AS A PARTNER IN SUPPORTING THE SUCCESS OF THE REGIONAL ECONOMY

##### 1. Gate and Roadway Security Efficiencies (787,861)

This action reduces a portion of the funding for private security services at Airport vehicle gates, as well as funding that has been set aside in a reserve to respond to level orange and level red threats. The installation of security phone systems at several vehicle gates has allowed the Airport to reduce direct staffing levels without impacting access or security standards. Gate and roadway security funding has also been used by private security staff trained by the Airport to stop and search vehicles during level orange and level red threats. Anticipated passenger levels and current security mandates allow the Airport to reduce this funding without any service level impacts. (Ongoing savings: \$787,861)

##### Performance Results:

**Customer Satisfaction** No change to service levels will result from this action. Airport reserves will be maintained at such a level that, should there be a need for additional security, funding will be restored.

##### 2. Parking Operations Contract (524,000)

This action reduces contractual services funding associated with the Parking Operations contract. The current contract for service stipulates that the Parking Operator payment is calculated based on a percent derived from different revenue collection levels. It is anticipated that Airport revenue will exceed \$30 million in 2005-2006, allowing the percent service fee to drop from 14.9% to just 12.55%. The increase in parking activity and revenues enables the Airport Department to decrease the amount budgeted for Parking Operator costs. (Ongoing savings: \$524,000)

##### Performance Results:

**Customer Satisfaction** No change to service levels will result from this action; savings are based on current contract specifications.

##### 3. Airport Property Management Reallocation (0.85) (132,912)

This action eliminates a portion of a vacant Administrative Officer position (one of three allocated to the department) currently assigned to the Airport Finance/Property Division, and reallocates its duties to a remaining Program Manager. There are currently 10 positions in the Property Division. This reallocation results in no new service impacts since the Program Manager classification more closely matches the responsibilities formerly held by this Administrative Officer position. The Program Manager is responsible for negotiating agreements and contracts including over 175 general and 85 tenant contracts. The Program Manager also supports concession management and development and contract compliance. The remaining portions of this position are discussed in the Airport Environmental Management Core Service and Strategic Support sections of this document. (Ongoing savings: \$132,912)

##### Performance Results:

**Customer Satisfaction** No change to service levels results from this action since the position's duties have been transferred to an existing Program Manager position.

# Aviation Services CSA

## Core Service: Airport Customer Service *Airport Department*

### Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)
------------------------------	-----------	----------------

#### TRAVELERS HAVE A POSITIVE GUEST EXPERIENCE WHILE USING THE AIRPORT

##### 4. Parking Shuttle Service Hours (606,421)

This action reduces contractual services for parking shuttle service hours from the base level of 90,000 annual hours to 80,550 hours. This action is necessary to offset reductions to Airport revenues and includes a decrease in operator hours, fuel and bus maintenance. Shuttle service is provided between the terminals, the parking garage and the west-side long-term parking lot. This reduced level of service has been in place since July 2004 and reflects an additional 30 seconds to 1 minute wait for customers during peak traffic. Bus service costs are carefully and continually managed to meet changing passenger traffic needs. (Ongoing savings: \$606,421)

#### Performance Results:

**Cycle Time, Customer Satisfaction** An increase in complaints during peak business hours may occur, however, the reduced hours/increased headways were introduced initially during the 2004 holiday period with little increase in actual complaints. As passenger levels increase, the Airport anticipates restoring hours to meet the increased growth in demand.

##### 5. Airport Communications and Facilities Services (5.64) (490,137)

This action eliminates portions of one vacant Communications Services Operator (CSO), three vacant Custodians and two vacant Electrician positions. It is anticipated that the current available resources will continue to meet minimum staffing and service requirements.

The vacant CSO is assigned to the Airport Communications Center and supports the monitoring of access control, closed circuit TV, building management systems and processes calls, paging and dispatcher needs. It is anticipated that the remaining 13 filled CSO positions will be able to meet current service needs. The elimination of three Custodians and a corresponding decrease in contractual custodial services will keep custodial service at current levels. Two of the custodial positions have been vacant since the winter of 2003 and the third position has been vacant since August 2004. Although custodial staff is needed to maintain Airport's aging facilities, it is anticipated that the remaining 54 custodial positions can provide adequate service at the current passenger levels. The elimination of two vacant Electrician positions is also included. Electrical staff assigned to the Airport repair and maintain a number of critical systems, including airfield and terminal lighting, emergency generators, access control systems and various other power systems. In the past, the Airport has sought to have an electrician on duty 24/7 to provide onsite response. The Airport has been able to eliminate the graveyard shift and is using existing standby and call back programs to provide emergency response during this shift. These efficiencies and cost reductions are available due to the ongoing implementation of Airport system improvements. The remaining portions of these positions are included in the Community Air Service Core Service and Strategic Support sections of this document. (Ongoing savings: \$490,137)

# Aviation Services CSA

## Core Service: Airport Customer Service *Airport Department*

### Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)
------------------------------	-----------	----------------

#### TRAVELERS HAVE A POSITIVE GUEST EXPERIENCE WHILE USING THE AIRPORT (CONT'D.)

##### 5. Airport Communications and Facilities Services (Cont'd.)

###### Performance Results:

**Customer Satisfaction** No additional service level impacts are anticipated. The elimination of these positions will freeze services provided at current levels. However, any additional resource reductions would limit the Airport's ability to maintain, repair and improve critical electrical systems and to maintain facility cleanliness. As passenger activity levels increase or additional security or traffic measures are mandated, it will be necessary to reevaluate resource levels.

6. Curb and Ground Transportation Services	(2.00)	(127,199)
--	--------	-----------

This action eliminates two vacant Parking Control Officer (PCO) positions from a team of PCO's that provide curb and crosswalk enforcement and assistance in front of the airport terminals. During 2004, the Airport successfully introduced the use of part-time PCO's to support service delivery during peak demand periods. The combination of resources in this program (31 full-time PCO's, 2 part-time PCO's, and overtime) has enabled the Airport Department to continue to meet minimum staffing requirements and standard service requirements. (Ongoing savings: \$127,199)

###### Performance Results:

**Customer Satisfaction** As positions are vacant, no additional reduction to service levels is anticipated, and staffing and services will be frozen at current levels. If passenger activity increases or additional traffic or security mandates are required, an evaluation of service needs will take place and it may be necessary to restore or redeploy staff to support this area.

7. Airport Master Plan Staff Efficiencies	(1.00)	(61,184)
---	--------	----------

This action eliminates a vacant Office Specialist position, with a total of nine Office Specialist positions remaining department-wide. This position was added to support facilities programs related to the Airport Master Plan. Current administrative support staff has been able to meet departmental needs. Also, the implementation next year of the Computerized Maintenance Management System should bring additional efficiencies to work order processing. No reduction in service levels is anticipated from the elimination of this position. (Ongoing savings: \$61,184)

###### Performance Results:

**Customer Satisfaction** No change to service levels will result from this action since this Office Specialist position has been vacant and duties have already been absorbed.

# Aviation Services CSA

## Core Service: Airport Customer Service *Airport Department*

### Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Fund (\$)
------------------------------	-----------	---------------

#### TRAVELERS HAVE A POSITIVE GUEST EXPERIENCE WHILE USING THE AIRPORT (CONT'D.)

##### 8. Airport Pest Control Services Efficiencies (17,348)

This action reduces funding for the pest control contract at the Airport. The service was recently awarded at a lower cost, therefore there is no reduction to services provided. (Ongoing savings: \$17,348)

#### Performance Results:

**Customer Satisfaction** No change to service levels results since this action merely reflects an adjustment in cost.

##### 9. Airport Bus Bridge Supplemental Services (15,000)

This action reduces funding for contractual services. Several years ago, during the Thanksgiving and winter holidays, a passenger bus bridge had been set up on the west side of the Airport to accommodate heavy passenger traffic. The Airport rented supplemental equipment to support the bus bridge, such as lighting, structures and restrooms that were located at drop off points. The funds included in this reduction have not been used in the past two years. Current and anticipated passenger levels and flight schedules allow the Airport to implement this reduction without any degradation to customer service levels. (Ongoing savings: \$15,000)

#### Performance Results:

**Customer Satisfaction** No change to service levels results since savings have been available and these additional services have not been necessary at current or anticipated passenger levels.

##### 10. Airport Marketing Support (0.10) (9,496)

This action eliminates a portion of one vacant Marketing/Public Outreach Representative position. This position was primarily responsible for Airport publications, such as *Airport Report* and *Airport Exchange*, as well as receiving and responding to customer concerns and inquiries. The reduction of this vacant position requires the six existing Marketing/Public Outreach Representatives to continue assuming these duties. The remaining portion of the position is located in Strategic Support. (Ongoing Savings: \$9,496)

#### Performance Results:

**Customer Satisfaction** No additional service level impacts are expected from this action, which freezes current service levels in place.

# Aviation Services CSA

## Core Service: Airport Customer Service *Airport Department*

### Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Fund (\$)
------------------------------	-----------	---------------

#### TRAVELERS HAVE A POSITIVE GUEST EXPERIENCE WHILE USING THE AIRPORT (CONT'D.)

##### 11. Additional Airport Canine Team Vehicle 44,000

This action provides funding to purchase a vehicle (with modifications) necessary to support the addition of a fourth Airport canine unit. The Airport currently has three explosive detection canine teams that provide enhanced security at the Airport. The program is partially supported by a grant agreement with the Transportation Security Administration (TSA). Since an existing police officer already assigned at the Airport will be trained to join this team, a vehicle and \$6,000 in non-personal/equipment costs (programmed in the Police Department's budget) is all that is required to support this additional team. (Ongoing costs: \$0)

#### Performance Results:

**Customer Satisfaction** This action provides the necessary resources to support the addition of an Airport canine team.

2005-2006 Adopted Core Service Changes Total	(9.59)	(2,727,558)
--	--------	-------------

## Aviation Services CSA

---

### Core Service: Airport Environmental Management *Airport Department*

#### Core Service Purpose

---

**M**anage the environmental impact of the Airport on the community to ensure that it is a “good neighbor” as it meets the air transportation needs of the region.

#### Key Operational Services:

- ☐ **Airport Land and Water Quality**
- ☐ **Airport Noise Management**
- ☐ **Airport Air Quality Management**

#### Performance and Resource Overview

---

**T**he management of environmental impacts at Mineta San José International Airport is an essential component of the Airport’s air transportation mission, and calls on the department to cooperate with neighborhoods and residents to minimize any adverse influences on the environment from Airport operations. Among the programs and services associated with this core service are a clean air program, noise monitoring and mitigation programs, as well as site restoration and future beneficial development. This core service is the focus of the Aviation Services CSA outcomes, including, *The Airport is Considered to be a “Good Neighbor” by the Community* and *The Airport is the Region’s First Choice for Air Transportation Services*.

Environmental management is a basic business requirement of the aviation industry. The Airport is particularly proud of its partnership with major federal, State and local regulatory agencies that have oversight in environmental management programs. These agencies include the Federal Aviation Administration (FAA), CalTrans Aeronautics Program, the California Air Resources Board, the Bay Area Air Quality Management District, the Regional Water Quality Control Board, the California Department of Fish and Game, the Santa Clara Valley Water District and the Santa Clara County Department of Environmental Health. The Airport works with these agencies to promote and maintain the overall environmental quality of the Airport in matters related to air emission reductions, protection of the Guadalupe River and sensitive species, as well as the restoration of Airport properties for future beneficial use.

While the FAA is the national governing body for all aviation-related issues such as noise and noise mitigation, the State regulatory body, CalTrans, determines the noise monitoring programs and mitigation measures for the State. Each of these agencies holds significant influence over planning, management and operations, and compliance with their mandates is required to keep the Airport operating.

# Aviation Services CSA

## Core Service: Airport Environmental Management *Airport Department*

### **Performance and Resource Overview (Cont'd.)**

---

The Airport and the City have also committed to environmental mitigation measures as a component of Airport Master Plan implementation. Among them are Airport noise monitoring and mitigation, curfew monitoring/enforcement, air pollution control, and limitations on terminal and gate expansion.

Noise monitoring efforts are in place to continually monitor the noise contour areas for any significant changes or impacts. Procedures such as aircraft run-up, departures at the end of the runway, and preferred runway usage have been implemented and monitored. A noise study to validate engine run-up locations has been completed, and a separate noise study in the Rosemary Gardens neighborhood is under development pending the installation of the freeway sound wall.

This core service continues the City's commitment to ensuring that the Airport is a "good neighbor" as it meets the air transportation needs of the region. The Acoustical Treatment Program (ACT) has thus far treated approximately 1,700 dwelling units to date. Approximately 200 dwelling units are currently under construction and 140 will be completed in 2004-2005 with the balance of 70 units to be completed in 2005-2006. The ACT Program estimates that an additional 180 dwelling units were awarded at the end of 2004-2005 with construction to be completed in 2005-2006. It should be noted that these numbers differ from the figures reported in the Activity and Workload Highlights because the Highlight reports current participant dwellings and those homes that have been or will be completed within the year.

In addition, the Airport Neighborhood Service Group (ANSO) works in the community to receive input and advocate for neighbors in order to mitigate the impact of Airport operations and construction.

As for air emission control, the Compressed Natural Gas (CNG) fueling station completed in May 2003 is fully operational and the Airport is looking to replace the existing 20 diesel buses used for rental car customer transportation in 2007. The station is also open for public use, which is estimated to account for approximately 12.4% of the fueling activity at this fueling facility in 2004-2005.

The Performance Measure and Activity and Workload Highlight summaries for this core service provide information consistent with Quarterly Noise Reports issued as part of the State Variance requirements.







#### **Performance Measure Development**

A new Performance Measure "% of Compressed Natural Gas (CNG) dispensed to non-Airport customers" was added as the result of the Council-approved Mayor's June Budget Message. This performance measure will enable the Airport to set targets and track against those targets the levels of utilization of the Airport CNG station by non-Airport vehicles. In addition, a new Activity and Workload Highlight "Total amount of CNG dispensed" was added, including a break down of CNG dispensed for Airport uses and non-Airport customers.

## Aviation Services CSA

### Core Service: Airport Environmental Management *Airport Department*

#### Performance and Resource Overview (Cont'd.)

Airport Environmental Management Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
 % of homes treated in the projected 2010 contour	NEW	19%	15%	19%
 % reduction in acreage of incompatible land use due to noise issues	88%	100%	0%*	100%
 % of community complaints on noise issues responded to within one day	97%	100%	98.6%	100%
 % of customers rating the Airport response to noise issues as satisfactory or better	83%	100%	98%	100%
 % of residents rating the Airport as a good environmental neighbor	90%	90%	85%	90%
 % of Compressed Natural Gas (CNG) dispensed to non-Airport customers	10.5%	NEW**	TBD**	TBD***

\* 22 homes remaining in the Measured Noise Contour are new participants to the program and are anticipated to be treated during 2005-2006.

\*\* Target and Estimated numbers for 2004-2005 were not established since this performance measure was first introduced in the 2005-2006 Budget.

\*\*\* Target numbers for 2005-2006 will be set upon analysis of market potential.

# Aviation Services CSA

## Core Service: Airport Environmental Management *Airport Department*

### Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Acres of incompatible land use due to noise issues	2.43 Acres	0 Acres	2.43 Acres	0 Acres
Number of environmental noise complaints	1,119	1,100	1,100	1,100
Cost of Airport environmental programs per passenger	\$0.33	\$0.34	\$0.31	\$0.30
Number of dwellings in noise impacted areas*	22	0	22	0
Number of dwellings acoustically treated annually based on the projected 2010 contour	307	238	180	224
Number of homes remaining to be treated based on projected year 2010 contour	785	533	605	381
Compliant operations as a percentage of total Airport operations	99.96%	99.95%	99.98%	99.99%
Total number of annual operations	197,584	198,315	196,178	200,260
Total number of non-compliant curfew intrusions	56	100	24	20
Total amount of CNG dispensed (GGE)**	340,411	NEW***	TBD***	TBD****
- Dispensed for Airport uses (GGE)**	304,695	NEW***	TBD***	TBD****
- Dispensed to non-Airport customers (GGE)**	35,716	NEW***	TBD***	TBD****

\* This highlight represents the completion of those dwellings identified for noise abatement. The new projected 2010 noise contour targets and measures are included in separate workload measures. Figures previously presented represented the number of dwellings identified in the Projected 2006 Measured Noise Contour Map prepared in 2001.

\*\* GGE or Gallons of Gas Equivalent is the unit of measure for CNG usage.

\*\*\* Forecast and Estimated numbers for 2004-2005 were not established since this highlight was introduced in the 2005-2006 Budget.

\*\*\*\* Forecast numbers for 2005-2006 will be set upon analysis of market potential.

## Aviation Services CSA

### Core Service: Airport Environmental Management *Airport Department*

#### Performance and Resource Overview (Cont'd.)

Airport Environmental Management Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
<b>Core Service Budget *</b>					
Personal Services	\$ 2,478,110	\$ 2,285,071	\$ 1,907,523	\$ 1,838,039	(19.6%)
Non-Personal/Equipment	529,932	932,494	925,259	918,821	(1.5%)
<b>Total</b>	<b>\$ 3,008,042</b>	<b>\$ 3,217,565</b>	<b>\$ 2,832,782</b>	<b>\$ 2,756,860</b>	<b>(14.3%)</b>
 <b>Authorized Positions</b>	 <b>24.00</b>	 <b>24.00</b>	 <b>20.00</b>	 <b>18.95</b>	 <b>(21.0%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

#### Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)
------------------------------	-----------	-------------------

#### THE AIRPORT IS CONSIDERED TO BE A "GOOD NEIGHBOR" BY THE COMMUNITY

##### 1. Airport Noise Specialist Efficiencies (1.00) (65,713)

This action eliminates an Airport Noise Specialist position that has been vacant since 2003. Current noise monitoring systems and the purchase and installation of improved technology has made this staff reduction possible. Existing staff, including 1.0 Noise Abatement Manager, 1.0 Sr. Airport Noise Specialist, and 1.0 remaining Airport Noise Specialist, is able to monitor, report, enforce and implement the City noise program, as well as continue to improve customer service response on noise issues. (Ongoing savings: \$65,713)

#### **Performance Results:**

**Customer Satisfaction** No change to service levels results from this action since this Noise Specialist position has been vacant since April 2003, and the Noise Specialist's duties have already been absorbed.

# Aviation Services CSA

## Core Service: Airport Environmental Management *Airport Department*

### Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)
<b>BUSINESSES CONSIDER THE AIRPORT AS A PARTNER IN SUPPORTING THE SUCCESS OF THE REGIONAL ECONOMY</b>		
<b>2. Airport Property Management Reallocation</b>	<b>(0.05)</b>	<b>(7,819)</b>
<p>This action eliminates a portion of a vacant Administrative Officer position (one of three allocated to the department) currently assigned to the Airport Finance/Property Division, and reallocates its duties to a remaining Program Manager. There are currently 10 positions in the Property Division. This reallocation results in no new service impacts since the Program Manager classification more closely matches the responsibilities formerly held by this Administrative Officer position. The Program Manager is responsible for negotiating agreements and contracts including over 175 general and 85 tenant contracts. The Property Program Manager also supports concession management and development and contract compliance. The remaining portions of this position are discussed in the Airport Customer Service Core Service and Strategic Support sections of this document. (Ongoing savings: \$7,819)</p>		
<b>Performance Results:</b> <b>Customer Satisfaction</b> No change to service levels results from this action since the position's duties have been transferred to an existing Program Manager position.		
<b>3. Airport Office Supplies and Equipment Efficiencies</b>		<b>(2,390)</b>
<p>This action implements a one-time reduction in supplies, equipment and mileage reimbursement available to support various services at the Airport. Although this reduction limits the flexibility for new or additional services, it is reflective of current expenditure levels and was already included in the Airport Department's 2004-2005 savings target. (Ongoing savings: \$0)</p>		
<b>Performance Results:</b> <b>Customer Satisfaction</b> Funding is frozen at current levels therefore no change to service levels is anticipated.		
<b>2005-2006 Adopted Core Service Changes Total</b>	<b>(1.05)</b>	<b>(75,922)</b>

## Aviation Services CSA

### Core Service: Community Air Service *Airport Department*

#### Core Service Purpose

---

**P**rovide air services necessary to meet identified business, leisure and economic development needs of the region.

#### Key Operational Services:

☐ **Air Service Needs**

☐ **Airport Facility and Infrastructure  
Planning**

#### Performance and Resource Overview

---

**T**he Community Air Service Core Service assists in achieving two of the Aviation Services CSA's stated outcomes: *The Airport is the Region's First Choice for Air Transportation Services*, and *Businesses Consider the Airport as a Partner in Supporting the Success of the Regional Economy*. The Airport seeks to achieve these outcomes by providing necessary facilities and infrastructure and the level of air service its passengers expect, including a diverse carrier, destination and frequency mix. The Airport is also committed to having the air cargo services necessary to tie the Silicon Valley region to key business markets, both domestic and worldwide.

Mineta San José International Airport (SJC) will continue to develop infrastructure necessary to meet the air service needs of the region in 2005-2006. The Airport has begun construction on the North Concourse Building, which is located between the existing passenger terminals. When this facility becomes fully operational, it will provide space for federally mandated security and baggage screening equipment, as well as improve the overall customer experience by housing additional retail shops and concessions and other amenities desired by the public, including more spacious restrooms, meeter/greeter areas, and space to conduct business.

Airport activity levels remain below those experienced prior to September 2001 due to the financial challenges of the airline industry and the sluggish economy in Silicon Valley. Current flight schedules at the Airport reflect approximately 77% of the scheduled flights and 66% of the available seats as compared to the same period in 2001. Several important destinations lost since 2001 have not been reinstated, including international and domestic long-haul destinations such as Paris, Taipei, Toronto, Miami and Cincinnati.

The Airport has seen some encouraging signs, however, as a result of staff's air service development efforts, signaling that airlines recognize service opportunities at SJC. Independence Air, SJC's newest airline, began nonstop service to Washington D.C. (Dulles) in May 2005, while JetBlue and Southwest added new destinations such as Boston and Chicago – Midway respectively. These service additions are reflected in the increased passenger estimates for both 2004-2005 and 2005-2006. The estimate of 11.2 million passengers for 2004-2005 reflects a 4.7% increase over the

# Aviation Services CSA

## Core Service: Community Air Service *Airport Department*

### **Performance and Resource Overview (Cont'd.)**

---

original forecast of 10.7 million passengers, and the 2005-2006 forecast of 11.5 million passengers reflects an additional 2.7% increase from the 2004-2005 estimate. Despite the positive signs, the Airport still faces several challenges including the competitiveness of the other Bay Area airports and the financial struggles of U.S. airlines, which have caused airlines to consolidate operations at focus airports.

In addition, the reduction in air service at the Airport seems to be having an impact on customer satisfaction. The Airport's latest customer surveys show that 72.5% (a 2.5 percentage point decrease from surveys conducted in 2003) of customers rate overall air service frequency as good or excellent and 64.3% (a 2.7 percentage point decrease from 2003) of customers are satisfied with their ability to reach desired destinations. The percent of customers who rate their ability to reach desired domestic destinations as good or excellent decreased to 74% (a 3 percentage point decrease from 2003), while those rating the frequency of domestic flights as good or excellent was 87% (a one percentage point decrease from 2003). Satisfaction with the Airport's international air service continues to be consistent with the prior year. The survey showed that only 50% of customers rate the ability to reach international destinations from SJC as good or excellent (a two percentage point decrease from 2003), while only 49% rate international flight frequency as good or excellent (similar to 2003). The decreased customer satisfaction underscores the importance of staff's recommended resource enhancements for air service development.

Despite these difficulties, San José does remain an attractive market for air carriers, and staff will continue to work with its CSA and business partners as well as trade organizations - including the Office of Economic Development, Convention and Visitor's Bureau, and San José Silicon Valley Chamber of Commerce - to retain current flights, regain flights lost over the last several years and obtain flights important to the Silicon Valley economy, particularly international service. A recent example of this partnership was the combined efforts to support World Airways' U.S. Department of Transportation (DOT) application to serve San José with all-cargo service to China. Although the route was not awarded by the U.S. DOT to World Airways, the Airport will continue to explore opportunities for international air service.

The Airport's cost per enplaned passenger (CPE) continues to be very competitive with the other Bay Area airports, providing a favorable climate for airlines to conduct business, which is evidenced by the continued expansion of service by low-fare carriers. The CPE at SJC is estimated to be \$4.33 in 2005-2006, while the forecasted CPE figure at Oakland is \$4.35. Forecasted figures for San Francisco were not available, but the most recent CPE was \$15.71. The Airport is sensitive to the continuing difficulties faced by the airline industry, and will continue efforts to partner with airlines to maintain reasonable rates and charges. An important part of this process is ensuring that capital development is demand-driven, which means that the level of passenger activity is one factor considered in determining the pace of planned development at the Airport.





The 2005-2006 Adopted Operating Budget provides additional contractual services funding to enhance air service development. As well, the 2005-2006 Forecast Base Budget included a reallocation of an Analyst to the Community Air Service Core Service, to comply with Council

## Aviation Services CSA

### Core Service: Community Air Service *Airport Department*

#### Performance and Resource Overview (Cont'd.)

direction to explore opportunities to conduct air service research and studies, to the extent possible, using existing City resources. The additional contractual services funding was necessary for the Airport to provide technical analysis of domestic and international route profitability and forecasts to airlines. Budget cuts in the airlines have limited their ability to conduct market research for all the communities that they serve. As a result, it is increasingly important for airports to provide airlines with this type of information in order to stay competitive. These investments reflect the City of San José's ongoing commitment to air service retention and development, and are intended to assist the Airport in providing the air service necessary to drive the Silicon Valley economy. This is consistent with the Mayor's goal of adding six new international flights at SJC within the next five years.

Community Air Service Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
 Air service market share	19.4%	20.0%	18.9%	20.0%
 Airline cost per enplaned passenger*	\$4.69	\$4.76	\$4.49	\$4.33
 % of customers rating the frequency of air service good or excellent	75%	75%	72.5%	75%
 % of customers able to reach desired destinations from the Airport	67%	68%	64.3%	70%

\* Enplaned passengers are those passengers boarding an aircraft in scheduled service, including originating, stop-over or connecting service.

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Total number of annual Airport passengers	10.9M	10.7M	11.2M	11.5M
Total number of annual operations	197,584	198,315	196,178	200,260
Total number of annual enplanements	5.47M	5.40M	5.58M	5.75M
Total airline cost	\$25.68M	\$25.5M	\$25.06M	\$24.91M
Total regional air service market	56.5M	53.6M	58.9M	60.7M

# Aviation Services CSA

## Core Service: Community Air Service *Airport Department*

### Performance and Resource Overview (Cont'd.)

Community Air Service Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
<b>Core Service Budget *</b>					
Personal Services	\$ 631,282	\$ 646,261	\$ 752,654	\$ 746,229	15.5%
Non-Personal/Equipment	666,840	987,934	831,335	1,030,492	4.3%
<b>Total</b>	<b>\$ 1,298,122</b>	<b>\$ 1,634,195</b>	<b>\$ 1,583,989</b>	<b>\$ 1,776,721</b>	<b>8.7%</b>
 <b>Authorized Positions</b>	 <b>6.68</b>	 <b>6.68</b>	 <b>7.83</b>	 <b>7.77</b>	 <b>16.3%</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

### Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)
------------------------------	-----------	-------------------

#### TRAVELERS HAVE A POSITIVE GUEST EXPERIENCE WHILE USING THE AIRPORT

##### 1. Airport Communications and Facilities Services (0.06) (7,268)

This action eliminates portions of one vacant Communications Services Operator, three vacant Custodians and two vacant Electrician positions. The effects of this reduction are described in the Airport Customer Service Core Service section of this document. The remaining portions of these positions are included in the Airport Customer Service Core Service and Strategic Support sections of this document. (Ongoing savings: \$7,268)

#### Performance Results:

**Customer Satisfaction** No additional service level impacts are anticipated. The elimination of these positions keeps services at current levels. However, any additional resource reductions will limit the Airport's ability to maintain, repair and improve critical electrical systems and to maintain facility cleanliness. As passenger activity levels increase or additional security or traffic measures are mandated, it will be necessary to reevaluate resource levels.

# Aviation Services CSA

## Core Service: Community Air Service *Airport Department*

### Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)
------------------------------	-----------	----------------

#### THE AIRPORT IS THE REGION'S FIRST CHOICE FOR AIR TRANSPORTATION SERVICES

#### 2. Enhanced Air Service Development 200,000

This action provides for the ongoing addition of contractual services funding for the air service outreach program that was responsible for bringing JetBlue to San José in 2004 and Independence Air to San José in 2005. The additional funding enables the City/Airport to continue to pursue additional opportunities to acquire new air service. It also serves to implement the City's Economic Development Strategy and responds to a goal set by the Mayor to add six new international routes within the next five years. The Airport recently took part in a process to gain a cargo flight to China. The application to receive this particular route from the FAA was not successful, but was well received overall and may lead to future service development. Funding will not only provide technical research and outreach to airlines and federal governing authorities, but will also promote new service for the community. This reallocation allows the Airport to perform additional in-house research to identify potential opportunities. These efforts help the Airport achieve its air service goals, including meeting its targets for the percent of customers able to reach desired destinations and the percent of customers rating the frequency of air service as good or excellent. (Ongoing costs: \$200,000)

#### Performance Results:

**Customer Satisfaction** This action assists the City in acquiring additional air service to the Airport, and also serves to strengthen the local economy and achieve the goal of six new international routes in the next five years.

2005-2006 Adopted Core Service Changes Total	(0.06)	192,732
--	--------	---------

# Aviation Services CSA

## Strategic Support *Airport Department*

**S**trategic Support represents those services provided within the Department that support and guide the provision of Airport core services. While there are both resources and performance measures associated with Strategic Support at the operational level, these are not presented separately in this document. Performance Measures are shown only at the core service level. Strategic Support services are designed to improve core service delivery.

- ☐ **Communications**
- ☐ **Information Technology**

- ☐ **Employee Resources and Training**
- ☐ **Financial Management**

## Performance and Resource Overview

**S**trategic support is considered the foundation for all Airport core services. Each Strategic Support function plays a critical role in meeting the Aviation Services CSA's four desired outcomes and the Airport Department's three core services. Like those services, Strategic Support has also been impacted by the reduction in Airport activity and the resulting decrease in revenues.

Where possible, managers have sought to identify organizational efficiencies that would allow the Airport to accomplish "more with less" and maintain a high level of service. The budget includes a number of reductions to administrative staff and non-personal/equipment funding that supports the various services within the department, including the elimination of an Administrative Manager, Sr. Office Specialist, and a Marketing/Public Outreach Representative. In addition, as part of the 2005-2006 Forecast Base Budget, an Analyst was reallocated out of Strategic Support to the Community Air Service Core Service to support air service development.

<b>Strategic Support Resource Summary</b>	<b>2003-2004 Actual 1</b>	<b>2004-2005 Adopted 2</b>	<b>2005-2006 Forecast 3</b>	<b>2005-2006 Adopted 4</b>	<b>% Change (2 to 4)</b>
<b>Strategic Support Budget *</b>					
Personal Services	\$ 7,759,354	\$ 9,342,879	\$ 10,362,936	\$ 10,036,760	7.4%
Non-Personal/Equipment	6,986,980	8,638,716	9,227,948	8,993,937	4.1%
<b>Total</b>	<b>\$ 14,746,334</b>	<b>\$ 17,981,595</b>	<b>\$ 19,590,884</b>	<b>\$ 19,030,697</b>	<b>5.8%</b>
<b>Authorized Positions</b>	<b>93.48</b>	<b>92.48</b>	<b>100.38</b>	<b>97.08</b>	<b>5.0%</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

# Aviation Services CSA

## Strategic Support Airport Department

### Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds (\$)
-----------------------------------	-----------	----------------

#### TRAVELERS HAVE A POSITIVE GUEST EXPERIENCE WHILE USING THE AIRPORT

1. Restructure of Airport Employee Services and Training (2.00) (220,317)

This action eliminates two vacant administrative positions, an Administrative Manager and a Sr. Office Specialist. Eliminating these two positions leaves eight positions still allocated to the Airport's Employee Services and Safety and Training division including 1.0 Administrative Officer, 1.0 Sr. Analyst, 3.0 Analysts, 1.0 Sr. Office Specialists and 2.0 Office Specialists. To maintain priority business services given these reductions, the Airport Department has consolidated its Employee Services with its Training and Safety sections. (Ongoing savings: \$220,317)

**Performance Results:**

**Cycle Time** The vacancies in these positions have not only impacted the frequency and quantity of training programs, but also delayed recruitment, position transactions and hiring processes. Front desk reception services including business hour customer phone contact is now supported, in part, by clerical staff from other administration sections, and this redeployment has impacted a wide variety of other services. The elimination of these positions will cause no additional service level impacts.

2. Airport Marketing Support (0.90) (85,467)

This action eliminates a portion of one vacant Marketing/Public Outreach Representative position. This position was primarily responsible for Airport publications, such as *Airport Report* and *Airport Exchange*, as well as receiving and responding to customer concerns and inquiries. The reduction of this position requires the six existing Marketing Representatives to assume these duties. The remaining portion of the position is located in the Airport Customer Service Core Service. (Ongoing savings: \$85,467)

**Performance Results:**

**Customer Satisfaction** No additional service level impacts are expected from this action, which freezes current service levels in place.

#### BUSINESSES CONSIDER THE AIRPORT AS A PARTNER IN SUPPORTING THE SUCCESS OF THE REGIONAL ECONOMY

3. Airport Financial Management (175,000)

This reduction reflects a decrease in the anticipated fees for the Airport's Commercial Paper Letter of Credit program in 2005-2006. (Ongoing savings: \$175,000)

**Performance Results:**

**Customer Satisfaction** No changes to current service levels are anticipated since this cost reduction ties directly to the commercial paper program's anticipated size in 2005-2006.

# Aviation Services CSA

## Strategic Support Airport Department

### Strategic Support Budget Changes (Cont'd.)

Adopted Strategic Support Changes	Positions	All Funds (\$)
-----------------------------------	-----------	----------------

#### BUSINESSES CONSIDER THE AIRPORT AS A PARTNER IN SUPPORTING THE SUCCESS OF THE REGIONAL ECONOMY (CONT'D.)

##### 4. Airport Communications and Facilities Services (0.30) (34,932)

This action eliminates portions of one vacant Communications Services Operator, three vacant Custodians and two vacant Electrician positions. The effects of this reduction are described in the Airport Customer Service Core Service section of this document. The remaining portions of these positions are included in the Airport Customer Service Core Service and Strategic Support sections of this document. (Ongoing savings: \$34,932)

#### Performance Results:

**Customer Satisfaction** No additional service level impacts are anticipated. The elimination of these positions freezes services at current levels. However, any additional resource reductions would limit the Airport's ability to maintain, repair and improve critical electrical systems and to maintain facility cleanliness. As passenger activity levels increase or additional security or traffic measures are mandated, it will be necessary to reevaluate resource levels.

##### 5. Airport Office Supplies and Equipment Efficiencies (49,836)

This action implements a one-time reduction in supplies, equipment and mileage reimbursement available to support various services at the Airport. Although this reduction limits the flexibility for new or additional services, it is reflective of current expenditure levels and was included in the Airport Department's 2004-2005 savings target. (Ongoing savings: \$0)

#### Performance Results:

**Customer Satisfaction** Funding levels are frozen at current levels therefore no change to service levels result from this action.

##### 6. Airport Property Management Reallocation (0.10) (15,635)

This action eliminates a portion of a vacant Administrative Officer position (one of three allocated to the department) currently assigned to the Airport Finance/Property Division, and reallocates its duties to a remaining Program Manager. There are currently 10 positions in the Property division. This reallocation results in no new service impacts since the duties of a Program Manager more closely match the responsibilities formerly held by this Administrative Officer position. The Program Manager is responsible for negotiating agreements and contracts including over 175 general and 85 tenant contracts. The Program Manager also supports concession management and development and contract compliance. The remaining portions of this position are discussed in the Airport Customer Service and Airport Environmental Management Core Services sections of this document. (Ongoing savings: \$15,635)

#### Performance Results:

**Customer Satisfaction** No change to service levels results from this action since the position's duties have been transferred to an existing Program Manager position.

# Aviation Services CSA

## Strategic Support *Airport Department*

### Strategic Support Budget Changes (Cont'd.)

---

Adopted Strategic Support Changes	Positions	All Funds (\$)
-----------------------------------	-----------	-------------------

---

#### BUSINESSES CONSIDER THE AIRPORT AS A PARTNER IN SUPPORTING THE SUCCESS OF THE REGIONAL ECONOMY (CONT'D.)

##### 7. Master Plan Outreach Efforts Streamlining and Consolidation (14,000)

This action reduces funding for contractual services for radio and print ads specifically for Airport Master Plan development. These services have now been consolidated and are centrally located in the Business Development and Community Relations Division. The successful introduction of Wilbur the Monster and the new web page detailing various activities associated with the Master Plan, North Concourse development, as well as targeted e-mails and media campaigns have significantly enhanced the Airport's outreach efforts. This reduction is not anticipated to have a direct impact on outreach activities or programs. (Ongoing savings: \$14,000)

#### Performance Results:

No changes to current service levels are anticipated.

##### 8. Tenant Airlines Active Directory 35,000

This action provides for a one-time addition of funding to provide the necessary structure to establish network links with Airport tenant partners to improve customer services and efficiencies. For example, an Active Directory system is a necessary component of Flight Information Displays. Currently, the Airport only has displays located within the terminals in which the flights originate/terminate. The development of Active Directory services for Airport tenants not only opens the possibility for improved customer service, but is also necessary to protect the existing Airport network system. (Ongoing costs: \$0)

#### Performance Results:

**Customer Satisfaction** This one time addition serves as a building block for improving services provided to passengers and will also serve to support future technology development at the Airport.

---

2005-2006 Adopted Strategic Support Changes Total	(3.30)	(560,187)
---	--------	-----------

---